

TANGENT®

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POLICY | RESEARCH | ADVISORY | OUTREACH
AN INDEPENDENT ECONOMICS THINK TANK & CORPORATE ADVISORY

4TH QUARTER REVIEW 2020

FORWARD **E**STIMATE

SMEs **O**RGANIZATIONS AND **S**TARTUPS

CORPORATE **A**DVISORY

CORPORATE **G**OVERNANCE

DIGITAL **F**INANCE

POLITICAL **E**CONOMY

ECONOMICS

CORPORATE **S**ECURITY

INVESTMENT **G**UIDANCE

4TH **Q**UARTER
DECONSTRUCTION

WHY COUNTRIES GROW



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Business Projects Assessments
Advisory Consultancy Planning Branding
Management Finance Structure Human Resource Vector & Thrust
Economics Governance Business
Assessments Policy Research Principals Investment
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ABOUT US

TANGENT® IS AN INDEPENDENT ECONOMICS THINK TANK & CORPORATE ADVISOR.

TANGENT® PROVIDES ITS SERVICES TO ORGANIZATIONS, START UPS & INDIVIDUALS
IN POLICY, RESEARCH, ADVISORY & OUTREACH
AT THE STRATEGIC, OPERATIONAL & TACTICAL LEVELS.

AUDIENCE OF THIS REVIEW

POLICY MAKERS, CORPORATES, BUSINESSES, SME'S, THINK TANKS, BUSINESS PERSONNEL, MEDIA, THOSE
INTERESTED IN GOVERNANCE, ECONOMICS & MANAGEMENT, STARTUPS AND RELEVANT SOCIAL MEDIA

LATEST ENGAGEMENTS

GUIDING FOREIGN COMPANIES IN WORKING IN PAKISTAN
ADVISING IN CORPORATE AFFAIRS, STRUCTURES, REGULATORY & LEGAL MATTERS
BRANDING & INTELLECTUAL PROPERTY ADVISORY
ANALYZING DOMESTIC & INTERNATIONAL POLITICAL – ECONOMIC DYNAMICS
CORPORATE GOVERNANCE TRAINING FOR LARGE COMPANIES, SME'S & STARTUPS
INVESTMENT ANALYSIS (PORTFOLIO, STRATEGIC & FIXED DIRECT)
TALKS ON MEDIA REGARDING, (POLITICAL) ECONOMICS, FINANCE, STOCK MARKET & MORE BUSINESS
PLANNING
SPECIFIC CORPORATE SECURITY, RISK ANALYSES & SOLUTIONS
STRATEGIC MARKETING
CONDUCTING BUSINESS FEASIBILITIES
ADVISING PARLIAMENTARIANS
ANALYZING, ADVISING & STRUCTURING CORPORATE POLICIES
ESTABLISHING STRATEGIC DIRECTION & OBJECTIVES (FOR AN ORGANIZATION)
MENTORING
OUTREACH & STRATEGIC COMMUNICATION
PRIVATE EQUITY VALUATION & ASSESSMENT
CUSTOMIZED TRAINING, PROFESSIONAL DEVELOPMENT
EXECUTIVE TRAINING & COACHING
PERSONAL BRANDING FOR EXECUTIVES
FINANCIAL TRANSACTION STRUCTURING
BUSINESS NEGOTIATIONS

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■ Key

ADB	-	Asian Development Bank
BRI	-	Belt & Road Initiative
CPEC	-	China Pakistan Economic Corridor
CPI	-	Consumer Price Index
DFS	-	Digital Finance Services
DSSI	-	Debt Service Suspension Initiative
FAB	-	Frequency Allocation Board
FASTER	-	Fully Automated Sales Tax Electronic Refund System
FATF	-	Financial Action Task Force
FBR	-	Federal Board of Revenue
FDI	-	Foreign Direct Investment
FY	-	Fiscal Year i.e. from July to June
GDP	-	Gross Domestic Product
GOP	-	Government of Pakistan
IMF	-	International Monetary Fund
MPC	-	Monetary Policy Committee
NEPRA	-	National Electric Power Regulatory Authority
NCC	-	National Coordination Committee
OBOR	-	One Belt One Road
PBS	-	Pakistan Bureau of Statistics
PICG	-	Pakistan Institute of Corporate Governance
PPP	-	Pakistan People's Party
PSX	-	Pakistan Stock Exchange
PTA	-	Pakistan Telecommunication Authority
RISE	-	Resilient Institutions for Sustainable Economy
RDA	-	Roshan digital account
SBP	-	State Bank of Pakistan
SECP	-	Securities & Exchange Commission of Pakistan
SME	-	Small and Medium Enterprise
SWEEP	-	Solid Waste Emergency and Efficiency Project
STZ	-	Special Technology Zones
UNHRC	-	UN Human Rights Council
WEF	-	World Economic Forum
WHO	-	World Health Organization
WTO	-	World Trade Organization

Review Team: TANGENT® Outreach & Design Team
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■ TANGENT® QUARTERLY SUMMARY & ESTIMATE

The 4th Quarter of 2020 saw the COVID epidemic take a slight dip, only to be followed by a 2nd wave. Pakistan also experienced the 2nd wave, prior to which there were only 5,000 – 6,000 active COVID patients. Pakistan was recognized internationally for its role in the management of COVID, with visible results to show (ref: COVID section with statistics for Pakistan). The GOP has been pressing hard on economic acceleration, focusing on multiplier sectors, giving sectoral packages, pushing for export growth, focusing on maintaining fiscal balance, and keeping the geo political balance by engaging its neighbors although India has not responded positively.

International focus was still on the (attempted) economic rebounds in various regions, the recession in EU, US elections, China – India tension, and the Afghan peace process. The WTO, IMF, WB and ADB gave their estimates of economic recoveries and they generally agree that there will be a rebound that will not be that high or sharp as earlier estimated, and the dip will also not be as deep as expected.

Pakistan gave the UN a dossier on the campaign to promote terrorism and subversion in Pakistan by India. The UN was urged to seriously press India with international law regarding its malicious activities. Pakistan's Prime Minister made it clear to the international community that if India was reckless enough to conduct a false flag operation against Pakistan, it will receive a strong reply – this came in light of information that India was trying to conduct another act and then blame Pakistan, as it did in Pulwama. At the same time, it came to light through an investigative report released by EU Disinfo Labs, the Indian disinformation and manipulation acts against Pakistan. It was reported that India undeniably created and sponsored a vast international network of mostly fake channels and forums, which speak against Pakistan while trying to pose as genuine outlets. This network pushed a pro-India agenda in the European Union and United Nations bodies, while actively trying to discredit Pakistan. At the same time, Pakistan and China signed a defense accord aimed at continuous cooperation.

Pakistan's economy was responding positively with inflation remaining range bound, the policy rate remaining stable, exports rising, people going back to work, funds flowing into Pakistan through rising remittances and Roshan Digital Accounts and tax figures showing improvement. Pakistan kept pushing its economic outreach effort, aiming to push its goods and services frontier farther. Challenges still exist in the form of resurging inflation, rising costs, less than expected export growth, COVID lockdowns and sector specific issues.

TANGENT® estimates that the next 3-6 months will remain COVID centric, while the second wave is in flow. Internationally the stock and commodities markets will experience a rise in prices with rising demand of oil, metals, food and inputs. In Pakistan the focus will remain on economics and how to accelerate the economy. Afghanistan and India will feature prominently for Pakistan with regards to efforts in regional in/stability.

■ TANGENT® ADVICE FOR STARTUPS, SMES & ORGANIZATIONS

▪ GOVERNANCE, BUSINESS & SUSTAINABILITY

TANGENT® is keen to promote *Start Ups*. **TANGENT®** has guided Start Ups on various aspects. The following are some tips that will be helpful. Should there be any queries, they can be directed to outreach@tangent.com.pk.

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1. Protect your ideas however small they may be. Intellectual Property is your asset.
2. Organize yourself so you do not waste effort, time or money.
3. Seek out training from the expert.
4. Imagine your business plan.
5. Create a synthetic version of your business plan.

TANGENT® has been engaged with *SME's*, with specific reference to the strategic, operational and tactical aspects. The following are some tips that will be helpful. Should there be any queries, they can be directed to outreach@tangent.com.pk.

1. Remember that all big organizations were SME's at one point.
2. Scan your business processes for positives and negatives.
3. Train yourself and your team if you can, or get an expert.
4. Study how to grow.
5. Be consistent in outreach.

TANGENT® has been engaged with *Organizations*, with specific reference to the strategic, operational and tactical aspects. The following are some tips that will be helpful. Should there be any queries, they can be directed to outreach@tangent.com.pk.

1. Take Corporate Governance as an asset, not as a formality – it does pay dividends.
2. Establish a level of organization.
3. Take steps to ensure sustainability.
4. Ensure meritocracy. It is cheap, fills holes and is profitable.
5. Be consistent in outreach.

■ TANGENT® CORPORATE ADVISORY

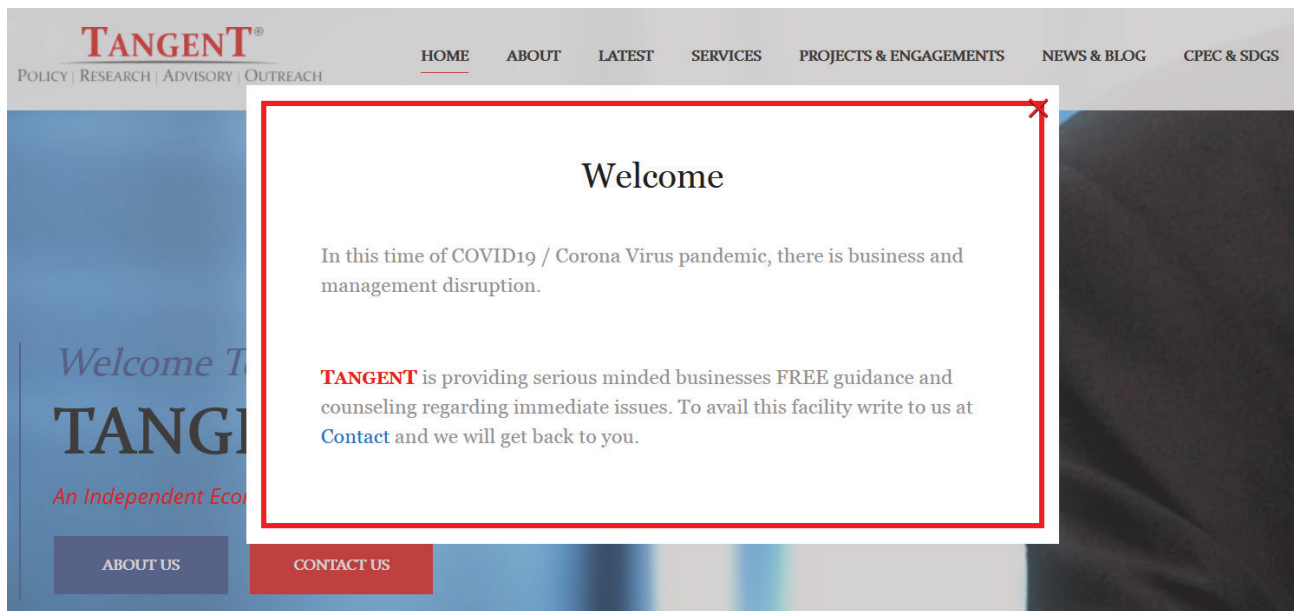
TANGENT® remained engaged with Startups, Small and Medium Enterprises (“SME”) and organizations on various fronts in Policy, Research, Advisory and Outreach. There is a predominant focus on SME's and that too in the Advisory field and COVID has certainly changed the environment and the mindset. For more details, write to nasir.m@tangent.com.pk. Salient events are given below.

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▪ SPECIAL SERVICES IN COVID

TANGENT® analyzed the COVID pandemic from various angles with specific reference to economics, management, logistics and above all, psychology. What was happening within Pakistan and internationally, was taken into perspective. It was very clear that businesses were suddenly struggling because they did not have the necessary mindset and infrastructure to deal with the new situation. **TANGENT®** took it upon itself to guide serious minded businesses that are facing issues and difficulties in this testing time. As a special service, free of charge, **TANGENT®** gave advisory specifically regarding management, regulatory, legal and corporate affairs, logistical adjustments and what clients were currently facing.



▪ ADVISORY TO START UPS & MICRO SME'S

Startups and micro SMEs approached **TANGENT®**, having visited the website and social media outposts. **TANGENT®** gave advice to the startups and micro SMEs by giving point specific advisory and guidance and by conducting holistic assessments where necessary. Business stability and growth in COVID were addressed.

▪ INTELLECTUAL PROPERTY

Corporates took intellectual property advice regarding their trademarking. They were advised on these matters along with the much overlooked yet important effort of branding.

▪ CORPORATE ADVICE FOR FOREIGN COMPANIES

Foreign companies operating in Pakistan engaged **TANGENT®** regarding their existing and future business ventures – COVID and its effects featured prominently. **TANGENT®** helps companies navigate, manage and increase their operations. A growing feature of this guidance is dealing with Chinese companies that want to work in Pakistan. More details are in the CPEC section.

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▪ CORPORATE SECURITY

TANGENT® has been advising foreign and local organizations and corporations, which are of varying sizes, regarding their corporate protection, safety, physical risk analyses and above all solutions to the same. TANGENT®'s approach is different in that extensive analyses are used to arrive at smart solutions, which are different from the run of the mill solutions, which can be labor intensive, planning deficient, execution lacking and many times, sub optimal.



■ TANGENT® INVESTMENT GUIDANCE

TANGENT® provided guidance in portfolio and strategic investments – COVID featured in almost all aspects.

TANGENT® analyzes the requirements of the organizations and individuals, establishes the real risk-return profile and then helps navigate through the various situations and dynamics, arriving at an optimal asset allocation situation.

TANGENT® observed that through sequential investment counselling and guidance, optimal investment allocations were possible. The following were some of the major areas of focus.

▪ FINANCIAL INVESTMENT MENU

Individuals approached TANGENT® regarding equity portfolio analysis and investments, investment in foreign exchange and guidance regarding the same.

TANGENT® helps guide clients in investment allocations and portfolio creation and portfolio management with the help of its 312 scrip universe, mutual fund and forex menu.

Risk, return, appetite and probabilities of various dynamics are brought into discussion and execution. For more details, write to outreach@tangent.com.pk.



▪ INDEPENDENT APPROACH

TANGENT® conducts independent analysis and research, using its own indigenous research engines and sources to arrive at an objective and impartial conclusion.

EQUITY PRICE EARNINGS RATIO

TANGENT® conducts independent research that calculates market values, sector values, market and sector Price Earnings ratios. The same are also available for portfolios.

Pakistan Stock Market P/E as of end December was 14.7, November 13.1 and October 12.9.

More details are available at the sector and scrip level.

EQUITY MARKET VALUATION

Valuation of independent scrips and the whole market is also conducted which helps any one or any company take appropriate investment decisions.

To subscribe to **TANGENT®**'s services, write to outreach@tangent.com.pk.



▪ PAKISTAN STOCK MARKET & SECP REPORT

The period under discussion is the 4th Quarter of 2020, i.e., October to December 2020.

For the quarter, Pakistan Stock Exchange's ("PSX") KSE 100 index moved from 40,571 to 43,755 registering a change of 7.8% (previous: 18%) against a market turnover of 526 million / day (previous: 211 million / day).

For the year 2020, Pakistan Stock Exchange's ("PSX") KSE 100 index moved from 40,735 to 43,755 registering a change of 7.4% (last: 9.9%) against a market turnover of 347 million / day (last: 167 million / day).

Volumes were considerably higher for calendar year 2020 as compared to 2019. The KSE 100 index has for the second consecutive year risen. This increased activity and rise in the index has been due to lower interest rates, sectoral incentives, rising remittances (despite COVID slowdowns) and the release of pent up demand.



TANGENT® has assessed that sustainable development and growth in the Pakistan stock market depends on political certainty, policy clarity, positive decisions coming from the GOP such as an export enhancement centric policy, fiscal austerity, a fair tax system, continued improvement in security, decrease in over regulation, continued improvement in energy and an overall holistic and inclusive economic plan. Linked to this is positive perception creation and the consequent management of that sentiment by the GOP. The banking system has to be linked to the capital market which will unlock considerable value and activity. A summary of some essentials is given below.

MAJOR QUARTERLY & YEARLY METRICS

Following are some of the major movements in important metrics for the quarter and for the year.

KSE 100 Index for the Quarter, from 40,571 to 43,755	: 7.8%
KSE 100 Index for the Year, from 40,735 to 43,755	: 7.4%
SBP Policy rate on 25 th June 2020	: 7.0%
Pak Rupee / \$ for the Quarter, from Rs. 166.2 to Rs. 159.72	: 3.9%
Pak Rupee / \$ for the Year, from Rs. 139.30 to Rs. 159.72	: -14.7%
Gold for the Quarter, from \$1,888.07 to \$1921.90	: 17.9%
Gold \$ for the Year, from \$1,280.80 to \$1921.90	: 50.0%
Silver for the Quarter, from \$23.87 to \$26.40	: 10.6%
Silver for the Year, from \$18.13 to \$26.40	: 45.6%
Oil for the Quarter, from \$40.44 to \$46.9	: 15.9%
Oil for the Year, from \$48.82 to \$46.9	: -3.9%

METRICS IN SECP REPORT

SECP released its annual report for FY20. It said that 530 companies with paid-up capital of Rs. 1,391.477 billion were listed on Pakistan Stock Exchange (“PSX”) as on 30th June 2020.

The KSE-100 Index was on 33,901.6 points at the start of FY20 and ended on 34,421.9 on 30th June 2020, representing an increase of 1.5%. During the year, the KSE-100 touched its lowest level of 27,228.80 on 25th March 2020, and highest level of 43,218.67 on 13th January 2020.

Market capitalization was Rs. 6.53 trillion with a decrease of 5.2% as compared with the beginning of the year when it was Rs. 6.89 trillion.

Foreign investment in the PSX experienced a lower net outflow of 20% of \$284.832 million during FY20 (FY19: \$356.04 million).

■ CORPORATE GOVERNANCE

There is sometimes some confusion about what is good governance – it is better to describe it here.

Good governance means good decision quality based on diversity and soundness. Good decision quality means better prospects and results for any organization. The Directors training programs are held by

Pakistan Institute of Corporate Governance’s (“PICG”) throughout the year, across Pakistan, to help facilitate Boards in strengthening their capacities as per the requirements of the Pakistan code of



Corporate Governance. Other programs are also held throughout the year to help strengthen governance and all the individuals involved in its implementation. Individuals from **TANGENT®** have been involved in these trainings. The following programs were done online due to social distancing.

- *CORPORATE GOVERNANCE TRAINING*

Corporate Governance trainings for the Directors of the Board of companies was held in November. Specific engagement regarding Financial Oversight and Corporate Finance was fulfilled.

- *COMPANY SECRETARY TRAINING*

Company Secretary training was held in November. Specific engagement regarding Shareholders meetings and Corporate Finance was fulfilled.

Details: www.tangent.com.pk and details at: www.picg.org.pk.

■ TANGENT® CORPORATE SECURITY

- *BARE ESSENTIALS*

TANGENT® has been providing Security and Protection consultancy to clients, ensuring that their objectives are met. Clients can be very clear about what they want, but sometimes the client does not know entirely, what their own objectives are or should be. Keeping that in mind, **TANGENT®** has remained mindful of these aspects and how they can affect the client. Here are some thoughts that are going to be helpful.

It is important to *plan it out* (note: 'it' here refers to security / protection). We all have to understand that our business will prosper in a safer and more secure environment. It is helpful, nay, essential to plan out all aspects. The client does not have to be an expert in planning, but the irony is that most do not even give it a thought, let alone plan it out. Once a thought is given to planning, it does not have to be a perfect plan. It can be perfected and evolved. The expertise that is available, has to be utilized.

All points in a plan have to be put through *research* of some degree. This research process will help strengthen the points and the process. As a result, the plan, points and process become stronger and more robust. By robust **TANGENT®** is also talking of the necessary agility and flexibility.

Constant *overview* is extremely valuable as it will give constant *feedback* in the whole process. Each cycle of feedback is supposed to, essentially, strengthen the process. With each cycle it is possible to plug 'holes', stop 'slippages', *foresee* 'events' with reasonable probability.



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It is the endeavor of TANGENT® to constantly provide state of the art service to its clients. The above is a simplified but true process that lends strength to the environment. For more details you can write to TANGENT® at outreach@tangent.com.pk.

■ TANGENT® LIVE ON TV & RADIO

Faheem Sardar, Founder TANGENT® was LIVE on television and radio programs, discussing economics, finance, management, governance, political economy and more. The programs are archived at the TANGENT® website www.tangent.com.pk and the YouTube page.

■ *ECONOMICS, MARKETS, GOVERNMENT POLICY*

Discussions were held on Such TV regarding the latest in Pakistan's economy, markets, commodities, Government policy and structural aspects. Key points were:

- The Pakistan stock market has been doing well with strong volumes
- The Stock market is not a perfect measure of the market but it is a good measure nonetheless
- Government Policy in a holistic manner, country wise needs to be established
- Profitability and input costs have to be managed in a practical manner as part of policy
- While being a consumer market we are trying to become a producer market but there are structural aspects which the industry is facing – good policy, low interest rates and cheap credit are essential
- The GOP has to improve its timing of purchase of utilities such as LPG which will help day to day operations
- Organizations like Pakistan Steel Mills are scheduled to be privatized. The GOP is doing the best it can and there are limitations to what government backed organizations can do. Politics has played havoc with these organizations and not input costs or COVID.
- Challenges exist in the form of lower revenue, price rises, lower speed in consumption and activity.



■ *GEO ECONOMICS, OCCUPIED KASHMIR, BOSNIA*

Discussions on the economy, geo-politics, geo-economics, current situation in Indian Occupied Kashmir were held on Radio Pakistan. Key points were:

- India has imposed a curfew on the occupied Kashmiris for more than a year, since 5th August 2019, which is unprecedented and illegal
- India is using Kashmir as an economic tool, all the while India is trying to create problems in Pakistan's economy – they are openly and publicly saying they are going to hurt Pakistan's economy
- India is changing the demography of Kashmir to make it more Hindu, as it is a Muslim majority area - that is another violation of UN resolutions and charters
- Many countries supporting India at the moment are keen to use India's markets to prop up their own stuttering economies

- These countries are overlooking India's rogue activity simply for their own economic benefits
- However, the Indian economy was, before COVID, already well on the downhill, something which had been pointed out 5 years ago – this deterioration in the Indian economy is making India's extremist leaders believe that this occupation will solve their internal problems
- The reality of the situation is that the Indian GDP has to be adjusted downward by 1%-2% to get to a figure that reflects reality – they have continuously exaggerated their growth and the problems they are facing right now are being blamed on Pakistan and the annexation of Kashmir and suppression of minorities is considered a solution
- It is strange that India is so worried about its economy, yet it is keen to start wars with its neighbors
- The world is going through a massive change but it is clear that economic strength is going to play a continuous heavy role in geo politics – Pakistan has to strengthen its economy and use that to enforce its policy
- FATF is one example where countries such as India should actually be on the blacklist, yet the rules are applied arbitrarily – in this example it is evident that India has been very active with APG lobbying to keep itself out of the black list and keep pressure on Pakistan
- In order to analyze the UN, one has to focus on the permanent security council members
- Pakistan and Bosnia have very low trade at the moment and this has to be increased as soon as possible
- Pakistan can easily export textiles, food, machinery, medicines, airplane parts, jet fighters, pharmaceuticals, services to Bosnia
- Bosnia is mostly trading with EU and Turkey with a focus on the Croatian sea ports, as Bosnia is land locked.



■ WHY COUNTRIES GROW

- *WHAT IS THE MASTER KEY?*

A question that is debated at most forums, in one way or another is, how do countries grow? People and countries (especially administrations) want to know how some countries show massive growth, why some countries are successful in their growth strategy while others are not and what it will take to become more vibrant.

TANGENT® has been looking at the enigma and mystery of the formula of growth and arrived at conclusions which are briefly discussed here.

From the onset it is clear that violence in economic areas cannot be tolerated. There is not a single example of a country that grew, while it had violence in its economic areas. Broad based holistic planning is necessary for the whole economy to grow rather than a specific sector – the largest (this word has been chosen carefully) growth was achieved by countries in such a manner. Following up on that is, the continuity of policies, which is essential without which there are multiple turns and twists

in any policy and its execution. Stemming from that, and to, policy continuity is power sharing, which has to have a proper handling mechanism – countries where there is unnecessary tugging at the power lines has negative effects. With reference to the government structure and size, those countries that grew actually had smaller sizes in comparison to their populations and a relatively more efficient government working. Good relations with neighbors and having economic connectivity help a country grow. Countries that that have grown have focused on exports and increasing economic activity domestically as well as internationally. The next link is poverty reduction as per a concerted effort and plan which brings the poor into the business cycles rather than give handouts. Corruption management, improvement in business ease, press freedom and other aspects are also important dynamics that need to be actively managed.



The above is, as mentioned, a glimpse of what countries have done and need to do to make sure that they grow. **TANGENT®** has studied the above points in an exhaustive manner. Since **TANGENT®** is already involved at the policy and application level, **TANGENT®** was able to arrive practical solutions. Queries can be sent to outreach@tangent.com.pk.

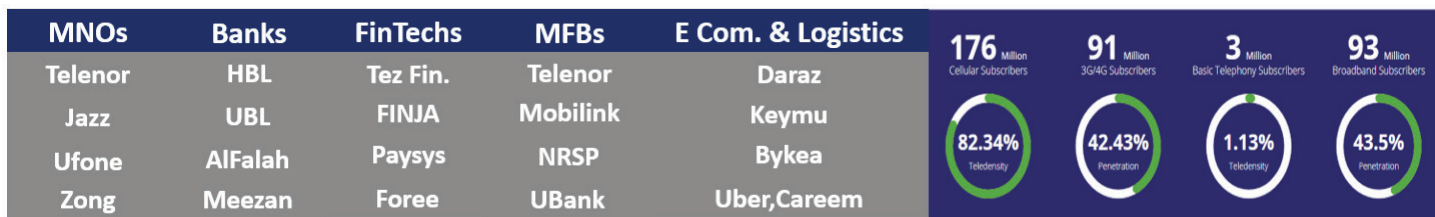
■ DIGITAL FINANCE & **TANGENT®**

▪ *OPENING A NEW PORTAL OF OPPORTUNITY*

In the post COVID economic environment, perhaps the most significant rookie to emerge as a solution-provider to systemic COVID woes was Digital Finance Services (“DFS”). Globally, the market was valued at about \$127.66bn in 2018 and expected to reach \$309.98bn (Ref: Business Research Group) by 2022. COVID has undoubtedly accelerated that process with business models being re-evaluated to embrace new capabilities towards use-case solutions. The role of DFS as a protagonist on the global stage is now firmly entrenched, with Fin Techs having bridged some of the immediate challenges in the wake of the global crisis and bigger Financial Institutions expediting their digitalization roadmaps to deliver innovative solutions.

In Pakistan as well, the burgeoning DFS eco-system has been pushed to take center stage in the altered world-view where COVID considerations are now part of a new reality. Some essential details are given below:

Snapshot: Pakistan's DFS Ecosystem



Branchless Banking Indicators

Number of Agents	461,953 (191,000 active)
Number of Accounts	58.2 mn (31.1 mn active)
Number of transactions	462.1 mn
Value of transactions PKR	2.0 Tr
Avg. txn size PKR	4,152
Avg daily txn	5.1 mn
Deposits PKR	462 Mn

Source: State Bank of Pakistan (Sep 2020)

An Engaged Regulatory Enabling Environment



Digital Identity: 92% of population is national ID holder (NADRA)



Financial Inclusion: Financial Served 47% (Formal sector 23%, Informal 24%, Urban adult 12%, Rural Adult 7%) *Wave 4 report*



Robust Infrastructure: PRISM (RTGS), NIFT (National Clearing), National ATM Switches (1 Link, M-Net), Capital Markets (CDC, NCCPL), Commodity Market (PMEX), 13 incubators & accelerators

New Developments



With a view to attract foreign remittances, the government instituted Roshan Digital accounts as an easy and convenient vehicle for non-residents to open accounts digitally.



With the Central Bank as a sponsor, Pakistan's Instant Payment System Raast has microfinance banks, government entities, banks and Fin Techs (payment service providers and operators) as participants.



Karandaaz, an SPV sponsored by UK Aid and Gates Foundation has launched a state of the art digital data portal with financial and socio economic indicators to spur economic activity.

DFS: The next Frontier

2020 was possibly the punctuation mark in our lives that elicited existential questions for most people and businesses, underlining the core human ability to adapt, embrace and ultimately thrive for survival. As individuals, most turned to a ritualistic reliance on digital mediums, and that's what catapulted us into an exciting new opportunity portal. Children, grandparents, teachers, doctors-they are all now at their technology-savviest that we have seen in decades. This opportunity portal begs the question that are we ready to embrace the digital revolution that is inevitable and indispensable.

Pakistan has again and again proved its resilience to internal and external challenges and has been incisively touted as a land of opportunity. Its burgeoning professional cadres have embraced the surge in data solutions for payments, logistics, Go-to-Market and other avenues during the past few months. Fin Techs, Financial Institutions and startups have all aggregated to deliver solutions with the support of the regulators. The post COVID ecosystem serves as a reminder that bridging the digital divide and nimbly adapting digital transformation has boons for all and can spur our society and economy towards inclusiveness and productive growth. For the GOP as well as the private sector, it is imperative to soldier on along the digital path to anticipate the prerequisite digital capabilities of the future. Carpe Diem!

TANGENT® provides comprehensive digital transformation advisory. For practical end to end solutions you can reach out at faeyza.k@tangent.com.pk.

■ COVID EPIDEMIC

▪ *WORLD WIDE*

The Corona Virus that causes the COVID 19 had, as of end December infected 81.6 million people, causing 1,800,482 deaths.

▪ *COVID 2ND WAVE*

The world had started to open up with strict SOPs, but a second wave of COVID was reported which caused the cases to start rising again.

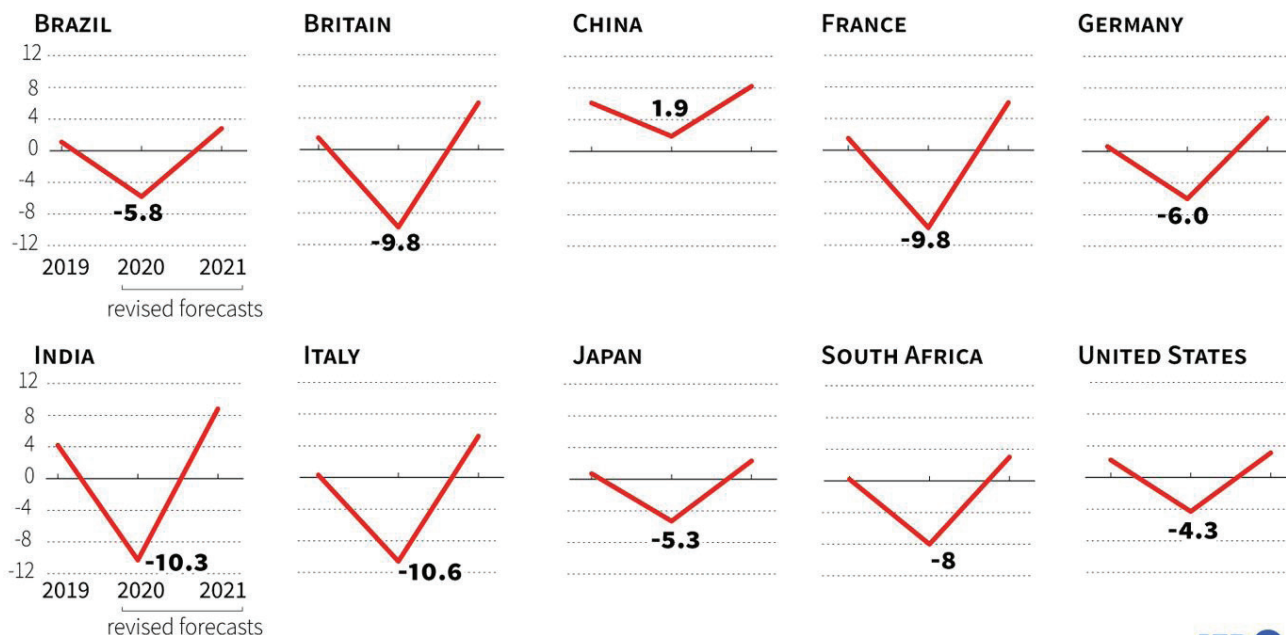
▪ *WTO, OECD, IMF, WB*

On 13th October, the IMF said, "The global economic crisis will not be quite as grim as feared this year, but GDP will still contract 4.4% and the ongoing pandemic means the outlook remains uncertain. The recession was less severe but still deep and the ascent out of this calamity is likely to be long, uneven, and highly uncertain," IMF chief economist Gita Gopinath said. Expected economic growth of countries were presented, showing different kinds of Vs.

The IMF said in its latest World Economic Outlook that the heavy injections of government aid kept economies from plunging further, but growth in 2021 is expected to be slightly slower than forecasted in June and even weaker in the next few years due to the lasting damage inflicted by COVID.

IMF growth forecasts: selected countries

Year-on year GDP change in %, forecasts as of October 2020



Source: IMF 

On 6th October, the World Trade Organization (“WTO”) upgraded its forecast for trade in goods this year due to improvements from June, but saw a more muted rebound in 2021 with further lockdowns from a second wave of COVID infections posing clear risks. The WTO said that global merchandise trade would fall by 9.2% this year and then increase by 7.2% in 2021. Europe and the Americas would be heaviest hit this year.

WTO had an earlier forecast in April of an “ugly” 13-32% decline this year before a rebound of 21-24% in 2021. The forecast suggested the drop would not be as steep as the 12.8% decline in goods trade during the global financial crisis in 2009, although the recovery would fall short of the 13.8% surge of 2010.

The Geneva-based trade body said aggressive fiscal and monetary policies had supported demand. It also noted that consumers had shifted spending from services, notably travel, to goods.

▪ COVID EFFECT ON WORLD DEBT

On 12th October, the World Bank said that the debt of the world’s poorest countries touched a record of \$744 billion in 2019, before the COVID pandemic, however debt relief is lagging, with China at the forefront.

Debt for the 73 poorest nations grew 9.5% per year. The World Bank said that this shows “an urgent need for creditors and borrowers alike to collaborate to stave off the growing risk of sovereign-debt crises triggered by the COVID pandemic.”

▪ PAKISTAN

Pakistan's COVID experience is summarized below. It contains the sharp decline and containment of COVID.

VACCINE TRIALS

On 26th November, in Pakistan, thousands of volunteers went to research hospitals to join the final-stage clinical trials of a Chinese-made COVID vaccine. It is the first time Pakistan has participated in such trials, which comes amid a string of positive vaccine announcements by western pharmaceutical companies this month. The vaccine is being developed by CanSinoBio and the Beijing Institute of Biotechnology China.

INFECTIONS, RECOVERIES & DEATHS

The following is a summary of COVID infections, recoveries and deaths (along with percentages), in Pakistan:

	Date	COVID Infected	Recoveries		Deaths	
			Total	% of Infected	Total	% of Infected
Per 1,000 Recoveries	12 th April 2020	5,038	1,009	20.0%	86	1.7%
	21 st April 2020	9,216	2,066	22.4%	192	2.1%
	27 th April 2020	13,328	3,029	22.7%	281	2.1%
	30 th April 2020	15,738	4,040	25.7%	346	2.2%
	3 rd May 2020	20,084	5,114	25.5%	457	2.3%
Per 5,000 Recoveries	15 th May 2020	37,215	10,155	27.3%	803	2.2%
	22 nd May 2020	50,694	15,201	30.0%	1,067	2.1%
	29 th May 2020	61,227	20,231	33.0%	1,260	2.1%
	31 st May 2020	69,496	25,271	36.4%	1,483	2.1%
	4 th June 2020	85,264	30,128	35.3%	1,770	2.1%
	9 th June 2020	108,317	35,830	33.1%	2,172	2.0%
	12 th June 2020	128,182	40,247	31.4%	2,495	1.9%
Per 10,000 Recoveries	13 th June 2020	132,405	50,056	37.8%	2,551	1.9%
	19 th June 2020	168,728	61,383	36.4%	3,295	2.0%
	23 rd June 2020	187,400	73,471	39.2%	3,730	2.0%
	25 th June 2020	192,696	81,307	42.2%	3,903	2.0%
	28 th June 2020	202,954	92,624	45.6%	4,118	2.0%
Per 50,000 Recoveries	1 st July 2020	213,470	100,802	47.2%	4,395	2.1%
	11 th July 2020	248,856	156,700	62.97%	5,197	2.09%
	18 th July 2020	263,476	204,276	77.53%	5,568	2.11%
	4 th August 2020	281,136	254,286	90.45%	6,014	2.14%
	5 th October 2020	315,727	300,616	95.21%	6,523	2.07%
	3 rd December	410,072	350,305	85.43%	8,260	2.01%
	19 th December	457,176	407,405	89.11%	9,330	2.04%
31 st December	482,178	437,229	90.68%	10,176	2.11%	

PAKISTAN'S INTERNATIONAL RECOGNITION

On 18th October, Larry Summers, former chief economist of the World Bank and former chief of economic advisory council of president Obama has acknowledged that if the United States had handled COVID like Pakistan, it could have saved \$10 trillion.

Pakistan's successful handling of the COVID pandemic is getting international recognition and even the World Health Organization ("WHO") Director General Tedros Adhanom praised the country saying it is among those that the world needs to learn from. He said in a statement at a media briefing endorsed the Pakistan government's strategy against the virus and deploying of the infrastructure "built up over many years for polio to combat COVID."

PUBLIC RALLY BAN & SCHOOL CLOSURE

On 16th November, Pakistan's Prime Minister said that a ban has been placed on public gatherings and rallies due to COVID.

In a televised message, he urged the nation to strictly follow the standard operating procedures ("SOPs") and wear facemasks in public, as the number of COVID cases in Pakistan had quadrupled in the last 14 days – this was due to the 2nd wave of COVID.

The PM further said that the National Coordination Committee ("NCC") meeting on COVID would decide whether or not to close the educational institutions – till the end of December, schools were not opened.

■ PAKISTAN ECONOMICS

A summary of many of Pakistan's economics related points which include GOP actions, events and other economic elements are discussed below.

■ *MONETARY POLICY*

MONETARY POLICY & INTEREST RATES

On 23rd November, the State Bank of Pakistan ("SBP") Monetary Policy Committee ("MPC") maintained the policy rate at 7%, as risks to the outlook for economic growth and inflation appear balanced.

In reaching its decision, the MPC considered key trends and prospects in the real, external and fiscal sectors, and the resulting outlook for monetary conditions and inflation. According to monetary policy statement issued by the SBP, during the meeting, given the broadly unchanged outlook for growth and inflation, the MPC viewed the existing stance of monetary policy as appropriate to support the nascent recovery while keeping inflation expectations well-anchored and maintaining financial stability.

TANGENT® is of the firm view that the interest rate hikes and the Rupee devaluation since January 2018 have been detrimental to Pakistan and its economy. These recent rate reductions are helpful but they should have happened prior to COVID. **TANGENT®** has conducted detailed impact analyses of the above for its clients. Queries can be sent to outreach@tangent.com.pk.

The following is a profile of the interest rates in relation to other dynamics, since 2010:

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4TH QUARTER REVIEW 2020

Fiscal Year (FY)	Date of Policy Rate Change	SBP Policy Rate*	GDP Growth	Inflation Rate Monthly CPI **	Crude Oil	KSE [^] 100 Index Week's Close	KSE Total Weekly Volume Average mln/day	Rs. / 1 US\$
FY11	30 th November 2010	14.00%	3.0%	15.5%	\$112.60	11,407	150	Rs. 90.30
FY12	1 st August 2011	13.50%	3.7%	11.6%	\$105.69	11,375	52	Rs. 86.20
	10 th October 2011	12.00%		11.0%	\$110.60	11,988	125	Rs. 86.84
FY13	13 th August 2012	10.50%	3.6%	9.1%	\$116.32	15,000	155	Rs. 94.40
	8 th October 2012	10.00%		7.7%	\$114.21	15,694	117	Rs. 95.54
	17 th December 2012	9.50%		7.9%	\$109.52	16,865	138	Rs. 97.42
	24 th June 2013	9.00%		5.9%	\$95.57	21,006	208	Rs. 100.10
FY14	16 th September 2013	9.50%	4.1%	7.4%	\$107.97	23,596	244	Rs. 105.40
	18 th November 2013	10.00%		10.9%	\$95.19	23,846	178	Rs. 108.85
FY15	17 th November 2014	9.50%	4.2%	4.0%	\$74.47	31,495	259	Rs. 101.80
	26 th January 2015	8.50%		3.9%	\$47.02	34,444	289	Rs. 101.55
	24 th March 2015	8.00%		2.5%	\$57.38	29,958	175	Rs. 102.40
	25 th May 2015	7.00%		3.2%	\$60.12	33,057	186	Rs. 103.10
FY16	12 th September 2015	6.00%	4.7%	1.3%	\$45.63	32,761	135	Rs. 104.60
	21 st May 2016	5.75%		3.2%	\$49.42	36,694	249	Rs. 105.30
FY17	30 th June 2017	5.75%	5.3%	3.9%	\$51.47	42,409	146	Rs. 106.30
FY18	26 th January 2018	6.00%	5.8%	4.4%	\$65.38	44,551	275	Rs. 112.50
	28 th May 2018	6.50%		4.2%	\$70.72	42,913	119	Rs. 118.70
FY19	16 th July 2018	7.50%	3.3%	6.7%	\$68.19	41,222	219	Rs. 124.20
	1 st October 2018	8.50%		6.5%	\$72.31	37,518	176	Rs. 125.70
	3 rd December 2018	10.00%		5.4%	\$52.07	38,562	163	Rs. 137.50
	1 st February 2019	10.25%		6.8%	\$53.53	41,113	175	Rs. 138.50
	1 st April 2019	10.75%		8.3%	\$64.07	38,355	119	Rs. 142.70
	21 st May 2019	12.25%	8.4%	\$63.05	33,442	179	Rs. 153.50	
FY20	16 th July 2019	13.25%	-0.4%	8.4%	\$59.47	32,972	115	Rs. 160.50
	17 th March 2020	12.50%		10.2%	\$30.32	30,667	239	Rs. 158.50
	24 th March 2020	11.00%		10.2%	\$27.48	28,110	150	Rs. 161.30
	16 th April 2020	9.00%		8.5%	\$20.45	31,329	178	Rs. 167.10
	15 th May 2020	8.00%		8.2%	\$29.67	34,008	219	Rs. 159.90
	25 th June 2020	7.00%		8.6%	\$40.20	33,939	177	Rs. 167.40

* State Bank of Pakistan ** Pakistan Board of Statistics (rebase used from relevant month)

[^] Pakistan Stock Exchange

Governors*:	Mr. Shahid Hafeez Kardar	9 Sep 2010	To	18 Jul 2011
	Mr. Yaseen Anwar	20 Oct 2011	To	31 Jan 2014
	Mr. Ashraf Mahmood Wathra	29 Apr 2014	To	28 Apr 2017
	Mr. Tariq Bajwa	7 Jul 2017	To	4 May 2019
	Mr. Reza Baqir	4 May 2019	To	Present

▪ STATE BANK OF PAKISTAN & BANKING

BANKING DEPOSITS GROWTH

Banking sector deposits in Pakistan in the calendar year 2020 increased by 22% to touch an 18 year high of Rs. 17.9 trillion. They rose by Rs. 3.2 trillion.

Loan advances rose by 10% of the deposits to touch Rs. 332 billion. Banks invested Rs. 3.12 trillion in T-bills and Pakistan Investment Bonds, taking the total investment in the government papers to Rs. 11.55 trillion. Banking sector investments increased by 38%.

INFLATION

On 1st October it was reported that Pakistan's Consumer Price Index for September 2020 was at 9.04% over last year. The primary reason was food inflation.

▪ *ECONOMIC OUTREACH*

Pakistan announced on various forums that it is pushing its economic outreach effort. The aim is to broaden and extend its goods and services frontier.

▪ *SECP*

On 25th December, the SECP annual report for 2019-20 FY20 was released.

It reported that 530 companies with paid-up capital of Rs. 1,391.477 billion were listed on Pakistan Stock Exchange ("PSX") as on 30th June 2020.

The KSE-100 Index was on 33,901.6 points at the start of FY20 and ended on 34,421.9 on 30th June 2020, representing an increase of 1.5%. During the year, the KSE-100 touched its lowest level of 27,228.80 on 25th March 2020, and highest level of 43,218.67 on 13th January 2020.

Market capitalization was Rs. 6.53 trillion with a decrease of 5.2% as compared with the beginning of the year when it was Rs. 6.89 trillion.

Foreign investment in the Pakistan Stock Exchange ("PSX") experienced a lower net outflow of 20% of \$284.832 million during FY20 (FY19: \$356.04 million).

On 26th October, the Securities and Exchange Commission of Pakistan ("SECP") experienced an increase in the registration of companies in September as 2,365 new companies registered in September. This is an increase of 69% over last year.

Of newly registered companies, 68% were registered as private limited companies, 29% as single member companies and 3% percent as public unlisted companies and not for profit associations. 40% of the companies were registered within a day.

Pakistan has seen a sharp increase in interest of entrepreneurs to register their businesses.

▪ *PTA*

On 3rd November, the Pakistan Telecommunication Authority ("PTA") launched a "Rolling Spectrum Strategy 2020-23,". It recommends not to put in place a fixed spectrum cap defined in MHz. Operators with a higher than 35%/40% of all mobile spectrum will be barred from the impending auction. The PTA/Frequency Allocation Board ("FAB") can consider using a percentage share of overall mobile spectrum as a guide to decide, if further evaluation needs to be performed.

▪ *WORLD ECONOMIC FORUM*

On 25th November, Pakistan's Prime Minister said that after facing various economic challenges, Pakistan's economy was now stable and moving in the right direction and getting stronger with the passage of time.

Addressing the Pakistan Strategy Dialogue under the auspices of the World Economic Forum ("WEF"), the PM said Pakistan is concerned about the increase in COVID cases, but it cannot afford a lockdown in businesses and factories. He said, "We are taking steps to ensure that the economy is not affected. Unlike the lockdown, we have banned unnecessary public gatherings and identified areas affected by COVID and introduced smart lockdown." He prayed that the corona situation did not reach a level, where they could be compelled to take steps, which would affect the economy.

He said that he was convinced that US President-elect Joe Biden would not reverse the Afghan peace process.

▪ *MULTILATERAL LENDING AGENCIES*

ADB, WORLD BANK & IMF

On 10th December, the Asian Development Bank ("ADB") reported that Pakistan's economy is recovering, particularly in manufacturing and construction, supported by GOP initiatives.

On 9th December, the World Bank approved a \$300 million facility for two projects in Pakistan including the Sindh Resilience Project and the Solid Waste Emergency and Efficiency Project ("SWEEP"). The World Bank said, "These investments would bolster Pakistan's efforts to build resilience to natural hazards such as floods and droughts in Sindh, and strengthen solid waste management in Karachi to tackle recurrent urban flooding and public health emergencies in the city".

On 30th October, the World Bank projected a 9% growth in remittances for Pakistan totaling about \$24 billion in 2020.

The World Bank in its latest report, "Migration and Development Brief 33, Phase II Covid-19 Crisis through a Migration Lens", stated that in both Pakistan and Bangladesh, the negative impact of the COVID induced global economic slowdown has been somewhat countered by the diversion of remittances from informal to formal channels due the difficulty of carrying money by hand under travel restrictions as well as the incentives to transfer remittances.

On 22nd October, the International Monetary Fund ("IMF") and World Bank ("WB") lowered Pakistan's GDP growth rate to 1% and 0.5% respectively against the GOP's projection of 2.1% for the current FY21.

▪ *FITCH, MOODY'S ON PAKISTAN*

On 2nd December, Fitch gave out projections for Pakistan's growth rate. Fitch said that the real GDP growth forecast for Pakistan for fiscal year 2020-21, even after factoring in base effects, stands at a 0.8%, and could see further downsides, as the recent second wave of the COVID infections derails hopes for recoveries in private consumption and investment inflows.

On 12th October, Moody's said that Pakistan, who is already struggling to increase its tax intake before the pandemic, will face additional hurdles. Moody's said in its latest report, 'Emerging Markets

Recovering, revenue post COVID crisis will be crucial but challenging - subdued global recovery would shift focus to broadening tax bases, which would be challenging’.

▪ FUND INFLOW & OUTFLOW

FDI

On 16th November it was reported that Foreign direct investment into Pakistan for the 1st Quarter FY21 (July – September) was up 9.1% to \$733.1 million (last: \$672 million). The power sector remained prominent.

Chinese firms in the energy and infrastructure projects under the first phase of the China-Pakistan Economic Corridor (“CPEC”) framework remained prominent with FDI of \$332.3 million (last: \$64.3 million). The Power sector attracted \$352.3 million in the first four months of this fiscal year.

ROSHAN DIGITAL ACCOUNTS

On 14th December, the State Bank of Pakistan said that the Roshan Digital Accounts received the highest inward flow till date – a majority of the funds coming into Pakistan are being invested in Naya Pakistan Certificates.

The SBP said, “Inward remittances from overseas Pakistanis into Roshan digital account (“RDA”) touched another daily high with inflows of \$11.2 million on 11th December. To this date, total inward remittances into RDA touched \$154.6 million.



The RDA are a facility for overseas Pakistanis who can digitally open up their accounts in Pakistan, without visiting a Pakistani bank and its branches, or an embassy. Depositors then can remit funds into and out of their accounts in Pakistan at ease.

It is pertinent to mention that on 30th October, the WB projected a 9% growth in remittances for Pakistan totaling about \$24 billion in 2020.

REMITTANCES FROM OVERSEAS PAKISTANIS

On 12th October, it was reported that, Pakistan’s remittances increased 31% over last year and touched \$2.3 billion in September crossing the \$2 billion target. Uneasiness in other countries, proper channels for inflows being promoted and GOP encouragement, has helped this growth.

FOREIGN CURRENCY CERTIFICATES

On 14th December, SBP said that the newly-launched Naya Pakistan saving certificates attracted approximately \$89 million from overseas Pakistanis in a month, indicating a growing tendency of expatriates to avail attractive rates of return.

On 11th November, Pakistan launched foreign currency investment certificates called Naya Pakistan Certificates, for overseas Pakistani’s allowing them to invest within Pakistan, in a foreign currency.

They have been linked to the Roshan Digital Accounts, which are bank accounts that overseas Pakistani's can open while sitting abroad. Remittance and investment have thus been made easier. Respective banks help the investor buy those certificates.

▪ *TRADE*

The Pakistan trade situation generally improved. Details are discussed below.

EXPORTS

Pakistan's exports posted shy of 2% growth during the first five months (July-November) of FY21 to touch \$9.73 billion (last: \$ 9.55 billion).

The Prime Minister's Advisor on Commerce and Investment, Abdul Razak Dawood said, "We have just received provisional figures for export of goods. I wish to congratulate our exporters that in these very difficult times with resurgence of COVID cases in Pakistan and globally, our exports have increased by 7.2% in November over the same period last year".

Pakistan's exports for the first quarter of FY21 (July-October 2020) increased 0.6% to touch \$7.6 billion (last: \$7.5 billion). Imports decreased 0.4% to touch \$15.2 billion (last: \$15.3 billion). Pakistan's balance of trade improved by 1.4% from \$7.7 billion in July-October 2019 to \$7.6 billion in July-October 2020.

TARIFFS & TAX

On 26th December, the Federal Board of Revenue ("FBR") experienced a 2% increase in the collection of income tax from exports to touch Rs. 3.1 billion in the July – November period (last: Rs. 3 billion). This increase is due to the rise in exports in the same period. Pakistan exported goods worth \$9.7 billion in the same period up 2.2% (last: \$9.5 billion).

PAKISTAN – IRAN BORDER TRADE

On 19th December, Pakistan and Iran opened the Rimdan-Gabd border crossing point in a ceremony. Ministers from both countries were there for the ceremony. The inauguration ceremony was attended by Pakistan's Minister for Defense Production Zubaida Jalal and Iran's Roads, Transport and Urban Development Minister Mohammed Eslami. This will be another opening for border trade as that has been a long standing requirement.

▪ *TAX*

Taxation in this quarter improved on various fronts.

TAX FILERS

On 3rd November, Pakistan's Federal Board of Revenue ("FBR") received 380,000 returns additional for the tax year 2019 with the total number touching 3 million filers. This was despite the pronounced economic slowdown due to COVID.

TAX COLLECTION

Despite increase in refunds, FBR still managed to cross the revenue collection of November from last year. FBR collected Rs. 1.69 trillion in this period (last: Rs. 1.62 trillion), against a target of Rs. 1.67 trillion.

TAX TO GDP RATIO

On 5th October, the FBR admitted that Pakistan's tax-to-GDP ratio had declined to a historic low of 9.6% in FY20 as compared to 11.1% in FY18. The FBR's projections of tax-to-GDP ratio for FY21 were fixed at 10.9% as compared to 9.6% in FY20.

INCOME TAX RETURNS

Income tax returns in Pakistan as of 8th December 2020 (the last date for filing) increased 4% to 1.8 million (last: 1.73 million). Tax collected increased 63% to Rs. 22 billion (last: 13.5 billion) over last year. This is the highest ever for income tax returns, mostly owing to improved compliance and an upgraded system

TAX REFUNDS

On 1st December, the FBR said that it paid refunds of Rs. 80 billion during the period of July-November FY21 (last: Rs. 41 billion).

On 3rd October, FBR announced the upgrade of its fully automated sales tax electronic refund system ("FASTER") introduced last year to clear refunds stuck at the pre-processing stage.

SPECIAL TECHNOLOGY ZONE TAX INCENTIVES

On 15th December, the FBR said that the GOP granted a comprehensive duty and tax incentives for 10 years to investors operating in special technology zones ("STZ") in Pakistan. The incentives include immunity from explaining the source of funds to be invested. Exemptions are also available from declaring income and assets for 10 years. The sources said the incentives have been granted through a presidential order to promulgate Special Technology Zone Authority Ordinance 2020 on 2nd December 2020.

TRACK & TRACE SYSTEM

On 4th December, the FBR said that it is planning to launch the Track and Trace System by 30th June 2021, for the electronic monitoring of tobacco, cement, sugar and fertilizer.

The FBR held pre-bidding conference for the grant of a five year license for an IT-based solution for this system. The conference was attended by 25 participants physically and another 15 participants virtually. Dr Muhammad Ashfaq Ahmed, Member (IR-Operation) and Tariq Hussain Shaikh, Project Director, (Track & Trace System) conducted the conference and explained the functions, features and purpose of implementing the Track and Trace System in Pakistan, which includes minimal human interface, prevention of revenue leakage, under reporting sales of specified goods and to ensure proper payment of duty/taxes.

▪ DEBT, SERVICING, RELIEF

On 21st December, the GOP had entered into negotiations with 21 creditor countries for debt suspension amounting to \$1.7 billion.

The G20 countries, together with the Paris Club creditors had announced a Debt Service Suspension Initiative ("DSSI") to provide much-needed fiscal space to stressed countries in their fight against the COVID. According to an official statement issued by the Economic Affairs Ministry, the Government of Pakistan successfully negotiated and concluded rescheduling agreements with 19 bilateral creditors, including members of the Paris Club. Debt rescheduling agreements were signed with France, Switzerland, and China.

On 11th November, Pakistan's external debt and liabilities rose to touch a historical level of \$113.8 billion at the end of September 2020 (30 June 2020: \$112.9 billion), due to fresh borrowing from multilateral and bilateral sources. Pakistan's foreign debt and liabilities grew by \$945 million during the first quarter (July-Sep) of this fiscal year (FY21).

▪ *CIRCULAR DEBT*

On 4th December, Chairman, National Electric Power Regulatory Authority ("NEPRA"), Tauseef H. Farooqi, said that the energy sector's circular debt has touched the Rs. 2.3 trillion mark. He was commenting on the power sector's issues at a meeting of Sub-Committee of National Assembly Standing Committee on Power.

▪ *FISCAL, TRADE & SERVICES DEFICITS*

FISCAL

On 5th November, Pakistan's fiscal deficit for the 1QFY21 (i.e. July to September) was up 1.1% of GDP at Rs. 484 billion (last: 0.7% of GDP, Rs286 billion).

TRADE & SERVICES

On 3rd November, Pakistan's trade deficit narrowed around 23% in October to \$1.58 billion as textile value-added exports showed improvement, while imports were down relatively sharply. Exports increased 2.1% to \$2.06 billion (last: \$2.02 billion). There has been a contraction of 10.3% in imports to \$3.65 billion (last: \$4.1 billion).

▪ *INDUSTRY PACKAGES*

On 3rd November, Pakistan's Prime Minister announced a relief package for industries by abolishing 'peak-hour' tariff for all industries, along with a 50% concession on additional electricity consumption to boost industrialization and increase exports.

He said the electricity generated in Pakistan was 25% more expensive than in India and Bangladesh, due to which our exports were not competitive. The PM said "But with the new package, our industry will become more competitive on the international and local levels, which will also have an impact on prices. From November to June 2021, the Small and Medium Enterprises using additional power will be provided with electricity at 50 percent of the rate."

▪ *INDUSTRY APPEALS & RESPONSES*

The following are some of the comments, appreciations and appeals of industries.



We are grateful to the Honorable Prime Minister **Imran Khan** for his visionary leadership and untiring efforts to put country's economy on growth track

Thankfully, the continuous support from the Government has resulted in significant development in export sector. September 2020 witnessed a notable 7.01% surge in overall exports and 11.3% in textile exports.

Recent initiatives by FBR like FASTER Plus system for streamlined and expeditious processing of sales tax refunds & direct crediting of Custom Duty Drawback to exporters' accounts in a transparent manner have been greatly appreciated by exporter community. These initiatives have paved way for speedy liquidation of exporters' refunds.

Premier's regime has given us a renewed hope and optimism for future! Numerous global opportunities are emerging in textile domain and it's time to support textile export sector to fully reap the benefits of these opportunities.

We request:

- ◆ Immediate disbursement of all long outstanding refunds including Sales Tax, Income Tax, Custom Duty Drawback.
- ◆ Payment of textile policy incentives (Technology Upgradation Fund, Mark-up support & Duty Drawback of Taxes)
- ◆ Enhancement in ceilings of Long Term Financing Facility (LTFF) and Temporary Export Refinance Facility (TERF) as huge investment is in pipeline.



PAKISTAN TEXTILE EXPORTERS ASSOCIATION
COMMITTED TO PROSPERITY

APTMA Congratulates Honorable Prime Minister Imran Khan on Pakistan's Post Covid Economic Achievements

In First Quarter of FY 2020-21:

- Pakistan recorded a current account surplus of \$792 million for the first time after 5 years of deficits.
- Remittances surged by 33% to \$2.3 billion.
- Pakistan's growth in export-oriented sectors exceeded targets with an 11.3% surge in textile exports contributing to an impressive export volume of \$3,469.5 million for the quarter.
- Export of cement increased 8.27 percent during the first quarter (Q1) of the financial year (FY2020-21).

Textile Exports of Pakistan are growing while competing countries are shrinking as a result of the Regionally Competitive Energy Tarrifs of \$6.5/MMBtu for Gas and 7.5 cents/kwh for Power.

Cotton Crop Failure is costing Pakistan over \$8 Billion/Annium in Lower GDP per Million Bales of Cotton and \$2 Billion for this year in Additional Imports.

APTMA aims to revive the Cotton Crop through its newly formed taskforce on cotton:

- International collaboration.
- Private Sector dedicated foreign & local experts to introduce productivity enhancing measures for cotton growers, ginners and industry.
- A comprehensive cotton sector revival mechanism and strategy based on research and development for a sustained export-led economic growth.
- Focus on reduced contamination for a better quality crop and additional money to farmer.

APTMA is committed to the revival of cotton production in Pakistan.
We request and look forward to the government's support in implementing strategies for the revival of cotton.

YOU ENABLE, WE DELIVER
APTMA
PERSPECTIVE ASSOCIATION

A P P E A L

Can we afford another price hike in chicken, eggs and cooking oil, causing further increase in food inflation?

- Oilseed imports play a vital role in maintaining the economical and nutritional viability of poultry and edible oil industries in Pakistan.
- The industry is facing serious threats due to port congestion and delays caused by the grant of priority berthing to wheat vessels and unresolved oilseed import policy issues.
- If not addressed promptly, these issues may trigger another crisis in the form of a steep hike in poultry and cooking oil prices which the country cannot afford following the Sugar and wheat crisis.
- Please include oilseed vessels among priority berthing at ports and resolve oilseed import policy issues to avert another crisis in the form of poultry and cooking oil shortage.

ALL PAKISTAN SOLVENT EXTRACTORS' ASSOCIATION
Main Secretariat: Office No. 503, 5th Floor, The United Mall, Abdali Road, Multan. Phone: 061-4589434-35, Email: secretary@apses.com.pk, Website: www.apses.com.pk
South Secretariat: A-19 NW/2 Port Qasim Karachi. Phone: (92-21) 31454100, Email: apsee.karachi@hotmail.com

Thank You
HONORABLE PRIME MINISTER

Dr. Abdul Hafeez Shaikh | **Abdul Razak Dawood** | **Hammat Azhar** | **Omar Ayub Khan**
Advisor to Prime Minister of Pakistan on Finance & Revenue | Advisor to Prime Minister of Pakistan for Commerce and Investment | Minister for Industries & Production | Federal Minister For Power, Petroleum & Natural Resources

- **The Lahore Chamber appreciates the govt for an outstanding support/relief electricity package for small and medium industry.**
- **This visionary step will strengthen local industry and give needed boost to exports.**
- **Will help create new jobs, alleviate poverty.**
- **Bring much needed foreign exchange.**


M. Nasir Hameed Khan | **Mian Tariq Misbah** | **Mr. Tahir Manzoor Ch.**
Senior Vice President LCCI | President LCCI | Vice President LCCI

The Lahore Chamber of Commerce & Industry

PRIME MINISTER IMRAN KHAN'S RELIEF PACKAGE FOR INDUSTRIES

- ◆ 1. Peak Hour Tariff (which was 25% Higher) Abolished, Off-Peak Hour Tariff to be Charged 24/7
- ◆ 2. 50% Reduced Rate for Additional Electricity Consumption for Small and Medium Industries till June 2021
- ◆ 3. 25% Reduced Rate for Additional Electricity Consumption Large Industries till 2023

Thank You
PRIME MINISTER
BIN QASIM ASSOCIATION OF TRADE AND INDUSTRY



Old MCB Building, near Chairman Secretariat, inside Port Area, Port Qasim, Karachi.
Phone : 021-34154100 - 34730111 Email: bqati@bqati.com.pk

Thank You



Mr. Prime Minister Imran Khan



Dr. Abdul Hafeez Sheikh
Adviser to Prime Minister of Pakistan on Finance & Revenue



Abdul Razak Dawood
Adviser to Prime Minister of Pakistan for Commerce and Investment



Hammad Azhar
Minister for Industries & Production



Omar Ayub Khan
Minister of Energy

MCCI highly appreciates the revolutionary step taken by the government in providing electricity relief package for small and medium size industry.

- ◆ This step will improve overall economic activity in the country while providing strong impetus for exports providing much needed foreign exchange

MCCI also appreciates the strong focus on construction sector which has helped in ever highest cement consumption / construction activity.

- ◆ This has helped in new job creation and poverty alleviation

We also strongly appreciate the consistent reduction in interest rate and request government to maintain this in coming days.



Khawaja Salahuddin
President - MCCI



Syed Iftikhar Ali Shah
Senior Vice President - MCCI




Mian Shafi Anis Sheikh
Vice President - MCCI

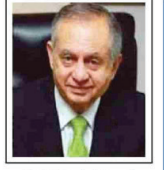


The Multan Chamber of Commerce & Industry


EXPRESSION OF GRATITUDE




Imran Khan
Prime Minister of Pakistan



Abdul Razak Dawood
Adviser to Prime Minister on Commerce & Investment



Dr. Faisal Sultan
Special Assistant to Prime Minister on Health



Aamir Ashraf Khawaja
Secretary NHR&C

- Pakistan Pharmaceutical Manufacturers' Association (PPMA) extends its sincere thanks and gratitude to the Government of Pakistan for taking timely steps to ensure the availability of life-saving drugs to patients in the country.
- This relief to 94 life-saving drug prices would ensure their uninterrupted supply to patients at affordable prices through legitimate manufacturers. These 94 drugs comprise only 1.5% of the total pharma market share with a negligible cost burden on patients.
- The timely intervention by the Government has blocked the proliferation of black market sale of these drugs at exorbitant prices through smuggling channels.
- PPMA pledges to extend its cooperation to the Government of Pakistan in fulfilling its vision of quality medicines at affordable prices.

PPMA Pakistan Pharmaceutical Manufacturers' Association
PPMA HOUSE: No.474, Street 34, Sector I-8/2, Islamabad, Pakistan. Telephone: 051-4435103-4

EXCELLENCY IMRAN KHAN
Honourable Prime Minister

ABDUL RAZAK DAWOOD
Advisor to PM on Commerce & Investment

DR. ABDUL HAFEEZ SHAIKH
Advisor to PM on Finance & Revenue

ASAD UMAR
Minister for Planning Development

M. HAMMAD AZHAR
Minister Industries Productions

TRANSFORMING CHALLENGES TO SUCCESS

TMA Congratulates the Government of Pakistan on Achieving Exponential Growth in Exports of Towel by **29.85% in Sep. 2020**, as compared to the last year amidst COVID-19

- Industry foresees the decline in exports in the coming months due to the unavailability of Cotton Yarn. Government needs to abolish custom and regulatory duty from Cotton Yarn import with immediate effect for the industry to ensure the continuous growth
- Anti-dumping duties should be removed from all imported raw material used in textile exports under the temporary importation scheme. So the exports can remain globally competitive and grow further

TMA hopes that the PTI Government will implement the above suggestions and further continue with the party's manifesto in promoting value-added exports during these ongoing challenging times

Towel Manufacturers Association of Pakistan
TMA House, 77-A, Block 'A', Sindhli Muslim Cooperative Housing Society, Karachi | Ph: 021-34382801-4 | FAX: 021-34551628
tma@towelassociation.com

Thank You

Mr. Prime Minister

- Dr. Abdul Hafeez Sheikh**
Advisor to Prime Minister of Pakistan on Finance & Revenue
- Abdul Razak Dawood**
Advisor to Prime Minister of Pakistan on Commerce and Investment
- Hammad Azhar**
Minister for Industries & Production
- Omar Ayub Khan**
Federal Minister For Power, Petroleum & Natural Resources
- Nadeem Babar**
Special Assistant to the Prime Minister for Petroleum Division

- DG Khan chamber of commerce and industries hails Imran Khan - Prime Minister of Pakistan's decision to cut power tariff by 25 to 50% for Industries.
- A significant step towards creating employment opportunities and economic stability.
- Would enhance the socio-economic development of the country by extending support to all the industries particularly SMEs.
- Instrumental step in reducing production cost leading the

Khawaja Jalal Uddin Roomi
PRESIDENT
DG Khan Chamber of Commerce & Industry (DCCI)
FORMER PRESIDENT
Multan Chambers of Commerce & Industries.
CHAIRMAN
Multan Dry Port Trust.

Mr. Imran Khan
Honorable Prime Minister of Pakistan

Abdul Hafeez Sheikh
Advisor to Prime Minister on Finance and Revenue

Hammad Azhar
Federal Minister of Industries and Production

Mr. Imran Ismail
Governor Sindh

M. Javed Ghani
Chairman Federal Board of Revenue

Ch. M. Tarique
Member IR-Policy

Dr. Muhammad Ashfaq Ahmed
Member IR-Operation

THANK YOU

Mr. Prime Minister Sir,

We are really thankful for your bold and timely decision of reduction of W.H.T Tax (I.T) on Wood & Timber classifiable under heading 44.07 of PCT, accepting it as a Raw material.

We are also thankful to Governor of Sindh, Mr. Imran Ismail for submitting our case to FBR, Ministry of Commerce & convincing our cause, to the respective departments.

We are also thankful to your entire financial advisory team who made it possible despite financial constraints.

Sir, this realistic approach for reducing taxes on Raw Wood & Timber classifiable under heading 44.01 to 44.07 of PCT will have long lasting effect to boost not only economy but will protect our forest stock and also play a significant role in improving our environment.

Additionally, this will pave wave for your ambitious vision of building 5 million houses.

This will also provide opportunity to enhance activities in more than 40 industries related to construction and create boom in construction industry.

ALL PAKISTAN TIMBER TRADERS ASSOCIATION
Plot # 6/7, Kaka Street, Off. Nishtar Road, Karachi. Tel: 021-32775963, 021-32775980
Email: info@apta.pk, Website: www.apta.pk

NAYA PAKISTAN CERTIFICATES
پاکستان کی نئی نئی

A rewarding idea for my future!

An attractive investment opportunity for Overseas Pakistanis & Resident Pakistanis who have declared assets abroad.

Naya Pakistan Certificates are sovereign instruments issued by Government of Pakistan in USD and PKR through State Bank of Pakistan.

Annualized Rates of Return on NPCs					
Tenor	3m	6m	12m	3yr	5yr
USD (Annualized)	5.50	6.00	6.50	6.75	7.00
PKR (Annualized)	9.50	10.00	10.50	10.75	11.00

- Shariah Compliance**
Both conventional and Shariah-compliant certificates are available.
- Fully Repatriable**
Funds available in the account can be remitted back from Pakistan without any approval from bank or SBP.
- Simple Tax**
For Overseas Pakistanis, no tax filing is needed. A full and final withholding tax of 10% on profits will be automatically applied.

Invest in Naya Pakistan Certificates by opening a

ROSHAN DIGITAL ACCOUNT
An Initiative of State Bank of Pakistan
in any of these banks:

For more details on Naya Pakistan Certificates, visit our website:
<https://www.sbp.gov.pk/NPC/index.html>

THIRD TIME HISTORICAL WORLD RECORD CREATED AT K.P.T.

We congratulate M/s. Fauji Fertilizer Company Limited (Importers), Karachi Port Trust and Stevedores M/s. A.R. Khan & Sons for the remarkable achievement of discharging and simultaneous bagging of 11,802 metric tons of Bulk DAP Fertilizer in 24 hours from MV. "Courageous" at 'Karachi Port' on 17th December, 2020.

M/s. Fauji Fertilizer Company Limited, M/s. A.R. Khan & Sons and M/s. Bulk Shipping had also achieved the previous two Historical World Records in 2003 & 2006 at KPT.

This new "world record" of discharging and simultaneous bagging of bulk fertilizer has been created at Karachi Port due to close coordination and cooperation between the Management and Team of M/s. Fauji Fertilizer Company Limited, the Chairman and Management of Karachi Port and the Management and Staff of Stevedores M/s. A.R. Khan & Sons.

This was also due to the personal interest of the Honorable Minister of Maritime Affairs Syed Ali Haider Zaidi and Federal Secretary MOMA Mr. Rizwan Ahmed.

Cargo was supplied by M/s. Swiss Singapore and ship operators were M/s. Orion Reederei GmbH & co. KG, Hamburg, Germany.

We are proud to be associated in the above achievement as Agents of the ship.

Pakistan First

BULK SHIPPING AGENCIES (PVT) LTD.

www.bulkshipping.com.pk bulkshipping@bulkshipping.com.pk

APPEAL



MR. IMRAN KHAN
Prime Minister of Pakistan



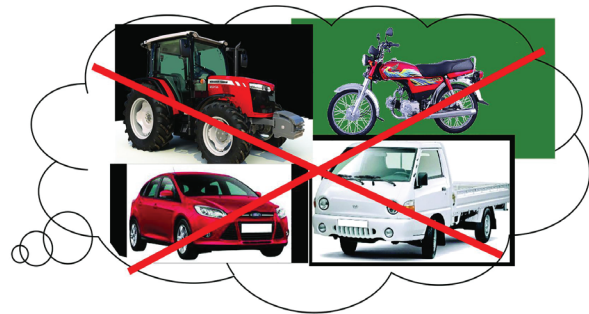
Mr. Muhammad Hamad Azhar

Federal Minister of Industries & Production



Mr. Abdul Razzak Dawood
Adviser to Prime Minister on
Commerce

Automotive Industry on the Verge of Closure due to Reckless Export of Aluminum / Copper Scrap converted to Ingots



REQUESTS:

- Imposition of Regulatory duty @ 40% based on LME prices on the export of Copper, Aluminum and Aluminum alloys as per the HS Codes mentioned below:
(i)- Aluminum: 7601.1000, 7601.2000, 7602.0010, 7602.0090, 7606.9290, 7616.9920
(ii)- Copper: 7402.0000, 7403.1300, 7403.1900, 7403.29000, 7404.0090, 7406.2000, 7407.1030, 7407.1090
- Aluminum and Copper available in country shall be used for manufacturing value added products for local consumption and export of the value-added goods instead of exporting as Raw material.
- Custom duty, Additional custom duty and Regulatory duties on import of Raw Materials like Aluminum, Copper and Steel shall be abolished on immediate basis to enable smooth functioning of industry and support employment retention in Pakistan.



PAKISTAN ASSOCIATION OF AUTOMOTIVE PARTS & ACCESSORIES MANUFACTURERS
www.paapam.com

APPEAL

SAVE 425 MEGA WATT (MW) OF CHEAP WIND AND SOLAR PROJECTS BEING "ABANDONED" BY POWER DIVISION (MINISTRY OF ENERGY) - HISTORICAL LOWEST TARIFF OF RS 5.5/KILOWATT HOUR (KWH) GIVEN TO 425 MW PROJECTS BY NEPRA

- NEPRA in the year 2020 awarded lowest Tariff of Rs 5.5/Kwh to 275 MW of wind projects in Jhimpir and 150 MW of Solar projects in Dera Ismail Khan.
- Whereas, CCoE vide its decision CCE-12/04/19 dated 4th April/2019 retrospectively approved only 12 wind/solar projects of 600 MW.
- However, 425 MW of wind/solar projects already in pipeline of award of Tariff by NEPRA were ignored.
- For 425 MW wind/solar projects, the Local/ Foreign investors have already invested USD 15 million on procurement of land, installation of wind mast at site, numerous field studies, feasibility approvals, etc.
- All the milestones as per LOIs issued by relevant authorities have been completed and these projects have approved grids from NTDC. NEPRA has awarded Tariff being final milestone.
- The new RE-2020 policy is abandoning these lowest Tariff projects, causing negative effects on foreign investors' confidence in Pakistan.

- These projects have guaranteed foreign investment of USD 500 million which can be invested in next six months. These projects will provide 700 jobs during construction and 300 during operation.

- Wind/solar projects unlike fossil fuel projects, have no fixed charges. CPPA-G pays only for electricity produced. Therefore, there shall be substantial savings in foreign exchange as no local/imported fuels are used in wind/solar projects.

We appeal to Honorable Prime Minister of Pakistan and his team to help in bringing cheap, indigenous wind/solar projects in Pakistan by giving go-ahead to above mentioned 425 MW of wind/solar projects on same basis as given to renewable projects in the past under cost plus regime. Moreover, the projects should be allowed to be constructed at par with other developing projects already permitted to proceed in accordance with aforesaid CCoE decision.

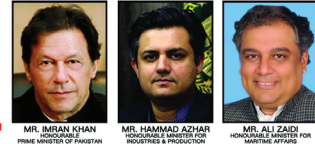


From: Pakistan Foreign Investors Forum

Norinco International Thatta Power, Shafi Wind, Sino Well (Pvt.) Ltd., Iran-Pak Wind Power, Moro Wind Power Project, Javed Solar, Kolachi Solar and FAS Solar.

APPEAL

END MONOPOLY ON COAL HANDLING, IN ORDER TO CONTAIN INFLATION AND TO FURTHER NURTURE CURRENT INDUSTRIALIZATION MOMENTUM.



The cement industry is the backbone of the economy and key player in large-scale manufacturing activity in Pakistan. The industry is one of the largest contributor of taxes and direct & indirect employment in the country. Consumption of cement drives economic activity and creates further employment in the construction sector and its consumption supports several allied industries such as iron & steel, cables, and paints, etc. This sector is also export-oriented and earns foreign exchange for the country. Reducing the cost of doing business is key to continue achieving higher export volumes.

The cement industry besides contributing a huge amount of customs duties is also the main source of Government revenue in the shape of sales tax, excise duty, and other taxes.

APCMA would like to present facts in the correct perspective as follows:

The impression being created by PIBTL in its response to our Appeal is maliciously false.

The Competition Commission of Pakistan, in a complaint filed by a coal importer, has already conducted a detailed inquiry and concluded in its landmark report that PIBTL, being in a monopolistic position, is abusing its dominant position by charging over and above US\$ 5.49 as allowed under the Implementation Agreement. The CCP through its report had recommended that appropriate proceedings be initiated against PIBTL under the law and a show-cause notice was issued to PIBTL on January 28, 2020. The same has been challenged by PIBTL before the Honourable High Court of Sindh at Karachi wherein an interim order has been granted.

The Honourable Supreme Court of Pakistan is the most respected institution in the country and the advertisement by PIBTL creates an incorrect impression of the order passed. The Honourable Supreme Court of Pakistan's 2018 judgment was not meant to give exclusivity to PIBTL, regulate coal imports, or create a monopoly on coal handling in Pakistan. Residents of Clifton Block 1 & 2 and Kemari moved to court against pollution mainly created by coal storage and mixing by commercial importers in groyne yard near residential areas, far away from port/berths where actual unloading activity occurs. The core issue was storage rather than handling of vessels at berths. The Honourable Supreme Court of Pakistan gave sufficient time to KPT to take corrective measures but due to some unseen reasons, proper corrective actions were not taken. This created a disaster in the shape of a 4 times higher cost of coal handling for industries in Pakistan. The Honourable Supreme Court of Pakistan's Judgment was never meant to create energy insecurity for Pakistan. God forbids in the event of any fault or break down at PIBTL, the country and industries will suffer immense losses.

KPT and PQA are very responsible authorities and have a stringent regulation policy for protecting the environment. Furthermore, government regulators and independent auditors also play a very important role. PIBTL in its advertisement has unnecessarily created confusion and trying to malign other facilities available for coal handling for its own gains.

The Government of Pakistan and The Ministry of Maritime Affairs must act now to end this monopoly. In fact, the Tender Document issued by PQA in May 2007 for establishing this terminal clearly stated that coal handling shall be on a non-exclusive basis and PQA shall retain the right to handle any commodity at its own wharves/berths under special circumstances. Government cannot let the export industries and key contributors to the economy be at the mercy of one terminal. The situation is becoming serious day by day. The current delay/line-up is about 5-6 days with a demurrage cost between US\$ 13000 to US\$ 15000 a day/per vessel. The impression of efficiency created by PIBTL is false and it is a burden on the industries in Pakistan. Bigger vessels cannot be accommodated as being handled in our neighboring country and having a US\$ 2 advantage in freight by handling panamax at higher drafts. PIBTL is operating at 13-meter draft which is the same as multiple berths available at KPT since 1960s. There is no advantage of freight charges to the importers at PIBTL vs KPT. Instead, KPT was more efficient in handling 3-4 vessels simultaneously with almost zero waiting time. PIBTL can only accommodate one vessel and the rest of them have to wait in the line-up. The situation further aggravates at PIBTL/PQA due to LNG vessel movement and non-availability of the night navigation facility. Imagine a cargo US\$ 60 PMT CFR Karachi (including US\$ 10 PMT freight from South Africa to Karachi) is costing US\$ 6 to 8 per metric ton just for handling at PIBTL, which comes to 10 percent or more of cargo value.

PIBTL is also trying to relate long vessel line-ups/delay in discharging with the cargo delivery/offtake from the terminal which is incorrect and in reality, are poles apart. Due to PIBTL's exclusivity, during its maintenance shutdown, any inbound coal vessels have no alternative for offloading but to wait, thus resulting in additional demurrage to importers.

The idea floated by PIBTL regarding mismanagement or deliberate heavy imports by the importers is also false. A coal consignment costs approx. PKR 700 million in today's market. The industry will not import unnecessarily. Has anyone heard before that a terminal is telling industries to plan/restrict their imports? This itself proves that there are capacity issues.

The cement industry is contributing 100 times or more in taxes and revenue for the Government as compared to PIBTL. The industry wants ease of doing business, reduced terminal charges, and more berths for coal handling at KPT. In fact, the direct discharge and delivery at KPT will be less detrimental for the environment, eliminate vessel demurrage to importers by eradicating line up at PIBTL. KPT will also be available to industries in case of emergency and hostility, which will provide the country with energy security and will also end the exclusivity and monopoly of one terminal.

Governments do not create monopolies. The agreement with PIBTL, giving it exclusivity is illegal and incorrect. It is a risk to the energy security of Pakistan and industrial activities in Pakistan. By ending this exclusivity, a reduction in the cost of doing business can be achieved which will boost foreign investments.

- Kindly make immediate legislation and pass a bill in Federal Cabinet to open KPT for industries to unload their coal vessels and take direct delivery of their consignments. As a potential increase in the demand for cement and its expansion is already expected, considering this situation, if the Government will keep on delaying its decision on this pressing issue then the existing momentum and future industrial activity in Pakistan will suffer. The government should end the monopolistic situation created in the name of "foreign investment" and provide a level playing field to industries.
- Regulators and the Ministry of Maritime Affairs should ensure that tariff is not charged over and above US\$ 5.49 PMT on which the tender was allotted and the terminal must not take advantage of vague/open terms in the IA and must not overcharge coal importers.
- Ensuring availability and opening of all berths for coal imports at Port Qasim and KPT.
- Allowing priority berthing of coal vessels at all berths of Port Qasim and KPT.

ALL PAKISTAN CEMENT MANUFACTURERS ASSOCIATION | House No. 27-28/3A FCC, Gulberg-IV, Lahore. | Tel. 042-35871632 – 35871633 | info@apcma.com

APPEAL BASED ON FACTS

FACTS SPEAK LOUDER THAN BASELESS ALLEGATIONS BY VESTED INTERESTS, DESIGNED FOR SELF GRATIFICATION AT PAKISTAN'S EXPENSE.



Mr. Imran Khan
Prime Minister of Pakistan



Mr. Hammad Azhar
Federal Minister for Industries & Production



Mr. Ali Haider Zaidi
Federal Minister for Maritime Affairs

Pakistan International Bulk Terminal Limited (PIBTL), which has the capacity to handle 12 million tons of coal annually, has invested US\$300million (48 billion Rupees) to set up a fully mechanized and environment-friendly Terminal constructed in accordance with the guidelines of the International Finance Corporation, which is a private sector lending arm of the World Bank Group.

To save the lives of the people of Karachi which were being endangered due to the excessive pollution caused by coal handling at KPT and based on various public interest litigations pending in the court, the Honourable Supreme Court of Pakistan shifted coal handling to PIBTL's Terminal at Port Qasim and stopped the coal handling at Karachi Port Trust (KPT) in 2018.

Now certain parties with vested interests, including the most powerful cartel in Pakistan, are twisting and misreporting facts and figures and drawing the Honourable Supreme Court of Pakistan's decision into unwarranted controversy after they lost their review petition in 2019 in the Honourable Supreme Court of Pakistan challenging the original judgement. In addition, such parties have launched a continuous, malicious smear campaign against PIBTL with an attempt to defame PIBTL and its state-of-the-art terminal, which is hurting the confidence of prospective foreign investors taking interest in infrastructure projects in Pakistan.

PIBTL would like to correct and clarify the misrepresentations

- ◆ 1. The Terminal's infrastructure brings efficiencies in coal handling and completely turnaround a coal vessel carrying estimated 60,000 tons within 2 days as opposed to 5 days at KPT, which translates to significant freight savings to the industry.
- ◆ 2. No shortage of energy can be caused by PIBTL since there are only three (3) coal fired power projects in Pakistan and they handle nearly 12 million tons of coal at their own purpose-built jetties.
- ◆ 3. PIBTL's berths are available to all and vessel schedule is updated on PIBTL's website weeks in advance, but the mismanagement from some importers, whether deliberate or not, may cause gaps in capacity utilization. The Honourable Supreme Court of Pakistan

has also directed that delay in unloading coal can be reduced if the import of coal is properly regulated and if vessels carrying coal arrive at reasonable intervals.

- ◆ 4. Many importers take 10-15 days to move their consignments from the port but are blaming the terminal for cargo delays.
- ◆ 5. PIBTL is charging its stated tariff of US\$5.49/ton (including Royalty of US\$2.27/ton) strictly in accordance with the Implementation Agreement dated 6 November 2010 between Port Qasim Authority (PQA) and PIBTL (the Implementation Agreement). All importers are aware that under Implementation Agreement, all terminals charge extra for additional/ancillary services. It has been misrepresented by these vested parties that the port handling charges will trigger a price hike as these form a minimal portion in the per unit cost of these industries (almost less than 1%).
- ◆ 6. PIBTL contributes more than PKR 3 billion per annum (almost 35% of its revenue), which is PKR 1 crore per day, in royalties to PQA and has contributed billions of rupees to the national exchequer in taxes etc. The vested parties are spearheading the campaign to seek open handling at KPT with no royalty to the Government and severe environmental hazards and degradation.

Government of Pakistan can always read the landmark verdict of the Honourable Supreme Court of Pakistan to see why coal imports were shifted to Port Qasim, which has saved upwards of 2 crore citizens of Karachi from health hazards.

PIBTL appeals to the Government of Pakistan to see through the malicious campaign contrived to harm PIBTL, and drive away foreign and local investors from similar BOT (Build Operate Transfer) infrastructure projects. This will also challenge the China Pakistan Economic Corridor related project opportunities Pakistan is currently offering to the world.



Plot No. NW12/L/02, North Western Industrial Zone,
Port Qasim Authority, Karachi, Pakistan
Email: info@pibt.com.pk

▪ *INDUSTRY NEWS*

ENERGY

On 3rd December, the Economic Coordination Committee (“ECC”) of the Pakistan Cabinet abolished ‘peak hours’ electricity rates for industries by according approval, in principle, to the proposed amendment in the SROs for both the DISCOs and K-Electric to charge ‘off peak’ hour rates from Nov-June 2021.

On 3rd November, Pakistan’s Prime Minister announced a relief package for industries by abolishing ‘peak-hour’ tariff for all industries, along with a 50% concession on additional electricity consumption to boost industrialization and increase exports.

He said the electricity generated in Pakistan was 25% more expensive than in India and Bangladesh, due to which our exports were not competitive. The PM said “But with the new package, our industry will become more competitive on the international and local levels, which will also have an impact on prices. From November to June 2021, the Small and Medium Enterprises using additional power will be provided with electricity at 50 percent of the rate.”

TEXTILES

Pakistan’s textile exports for December 2020 increased by 22.7% to touch a historic high of \$1.4 billion (last: \$1.14 billion).

For the period July to December, textile exports increased by 7.8% to \$7.4 billion (last: \$6.9 billion). Sub sectors that contributed to the growth were: knitwear, increased to \$1.85 billion (last: \$1.59 billion), bedwear 16.38% to \$1.39 billion, towels 17.5% to \$445.71 million, tents, canvas and tarpulin 57.8% to \$62.48 million, readymade garments by 5.6% to \$1.49 billion, art, silk and synthetic textile 0.17% to \$167.5 million and made-up article by 17.5% to \$379.3 million.

CEMENT

On 16th December, cement dispatches in Pakistan increased due to increased domestic consumption in construction projects and large public projects.

3rd October it was reported that cement sales in Pakistan hit an all-time high of 5.2 million tons in September 2020 (last: 4.3 million) as domestic consumption in northern areas increased. Exports increased 41% to 1.1 million (last: 0.8 million tons).

During the period July-October 2020 cement growth was 23.5% touching 16.43 million tonnes (last: 13.303 million tonnes). The GOP’s package for the construction has restarted the sector. Additionally, several hydro power projects including Mohmand Dam, Suki Kinari, Dasu and Karoot currently under construction have started consuming more cement – their spillways work, power houses and pillars filling has intensified.

LARGE SCALE MANUFACTURING

Pakistan’s Large Scale Manufacturing Industries grew by 5.5% for July-October 2020 compared to the last period. Most of the major manufacturing sectors posted growth. The LSMI Quantum Index Number was recorded at 136.08 points during July-October 2020-21 against 129.04 points during the same period of the preceding year.

AUTO

Production of cars in Pakistan in the July to November period saw a decrease of 3.7%. During this period 50,527 cars were manufactured (last: 52,489 units).

The production of Honda cars went up 73.8% from 5,885 units to 10,227, Suzuki's declined by 6.2% from 759 units to 712 units and Toyota's declined 34.5% from 10,090 units to 6,611 units.

MULTINATIONAL COMPANIES

Profit and dividends repatriated by multinational companies increased 65.1% to \$576.8 million in the 1QFY21 (last: \$349.2 million), mainly because of better corporate profitability, relaxed conditions and recovering economic activity.

■ CHINA PAKISTAN ECONOMIC CORRIDOR

The China Pakistan Economic Corridor ("CPEC") is a mega project between China and Pakistan, which has massive regional effects. CPEC is the flagship project of the \$1 trillion Chinese One Belt One Road ("OBOR") initiative in which the region will be interconnected to build up growth and economic activity. Pakistan remains at the forefront aiming to ensure that the China Pakistan economic cooperation reaches more heights. Challenges abound but they are being engaged and handled at each step, leading to a situation where opportunities can be maximized.

■ PAKISTAN CHINA REAFFIRM CPEC COMMITMENTS

Over the course of this quarter there has been speculation about the progress of CPEC projects and their alleged slowdown due to non committal. That is an inaccurate description of the progress of the mega project which is not liked by many countries some of which are Pakistan's neighbors.

In addition to opinions of some, COVID has played its part to operationally lower the pace, as it has across the world in every country –Pakistan and China have on a number of occasions reaffirmed their commitment to CPEC and the determination to complete all the projects and the planned functionality. As late as 30th December, Pakistan and China jointly said that CPEC will be completed and become a regional game changer promoting peace and trade. Pakistan's Foreign Minister Shah Mehmood Qureshi and his Chinese counterpart Wang Yi spoke on regional peace, fulfillment of commitments and the need for regional peace.

■ PAKISTAN POLITICS

On 16th November, Pakistan's Prime Minister said that a ban has been placed on public gatherings and rallies due to COVID. In a televised message, he urged the nation to strictly follow the standard operating procedures and wear facemasks in public, as the number of COVID cases in Pakistan had quadrupled in the last 14 days.

The PM said that the National Coordination Committee ("NCC") meeting on COVID will decide whether or not to close the educational institutions in the coming week.

On 17th October, supporters of opposition parties in Pakistan converged on a stadium in the city of Gujranwala, Punjab to launch a countrywide protest campaign against Prime Minister Imran Khan. Eleven major opposition parties formed a joint platform called the Pakistan Democratic Movement in September to begin nationwide agitation against the GOP. After Gujranwala, PDM staged rallies across

Pakistan asking for the GOP's resignation – the GOP said that this is an effort of the opposition to ensure that their corruption cases are either stalled or forgiven.

■ DECONSTRUCTING THE QUARTER

Following is a deconstruction of the events and news in the 4th Quarter of 2020.

■ *ON THE INTERNATIONAL FRONT*

A discussion on Pakistan's foreign relations is given below:

PAKISTAN'S ECONOMIC DIPLOMACY

On 8th October, Pakistan's Foreign Minister Shah Mahmood Qureshi said that to promote economic and trade relations at the international level as envisioned by the Prime Minister, "we have practically kicked off 'economic diplomacy'".

The FM was given detailed briefings by 13 Ambassadors stationed at 13 foreign countries through video link about the steps taken by them to promote the 'economic diplomacy' of the GOP in their respective countries of posting.

The FM maintained that for a stable foreign policy, a stable economy is quite crucial, adding, "We need to increase the volume of trade and export with other countries to boost our economy".

PAKISTAN GIVES UN DOSSIER ON INDIA

On 25th November, Pakistan's Ambassador to the United Nations, Munir Akram gave to the UN Secretary-General Antonio Guterres, a dossier on India's campaign to promote terrorism and subversion in Pakistan, and urged him to prevail on New Delhi to "desist from these illegal and aggressive activities."

He asked the UN chief to take note of India's violations of international law, the UN Charter and Security Council resolutions by stoking terrorism. "We have urged the Secretary-General to play his role in persuading India to halt its terror and subversive campaign against Pakistan," he said at a press conference at the Pakistan mission.

PAKISTAN CAUTIONS WORLD ON INDIAN AGGRESSION

On 20th December, Pakistan's Prime Minister made it clear to the international community that if India was reckless enough to conduct a false flag operation against Pakistan, it would get a befitting response. This reaction has come in the wake of information that India is planning yet another false flag operation to divert attention domestically and internationally from its domestic economic and social issues.

The PM tweeted "I am making absolutely clear to the international community that if India was to be reckless enough to conduct a false flag operation against Pakistan, it would confront a strong national Pakistani resolve and be given a befitting response at all levels of the threat. Make no mistake".

The PM cautioned the world that, as India's internal problems mount, especially economic recession, growing farmers protests and mishandling of COVID, the Modi Government will divert attention from their internal mess by conducting a false flag operation against Pakistan.

He added that India has been in complete violation of international law by firing at an UNMOGIP vehicle at the Line of Control on Pakistan's side. India is in complete disregard for all international norms of acceptable state behavior.

In 2020 alone, there have been 3,000 Indian ceasefire violations along the LoC and Working Boundary, by unprovoked firing deliberately targeting civilians resulting in 276 casualties, of which 92 were women & 68 children.

INDIAN DISINFORMATION ABOUT PAKISTAN

On 12th December, Pakistan said that it will raise India's disinformation campaign against Pakistan at all forums, globally.

This comes as the EU Disinfo Labs released a report in which it has investigated Indian disinformation and manipulation acts against Pakistan. India has undeniably created and sponsored a vast international network of mostly fake channels and forums, which speak against Pakistan while trying to pose as genuine outlets.

The report highlighted a network of hundreds of fake media outlets and organizations that it said have pushed a pro-India agenda in the European Union and United Nations bodies to discredit the country's rivals, in particular Pakistan.



INDIAN CHRONICLES: A TOTAL ABUSE OF THE UN HUMAN RIGHTS COUNCIL

We could tell you about how several Members of the European Parliament's genuine positions on human rights were abused by Indian Chronicles – the name we gave to the 15-year operation we exposed yesterday.

[Read more](#)



INDIAN CHRONICLES: DEEP DIVE INTO A 15-YEAR OPERATION TARGETING THE EU AND UN TO SERVE INDIAN INTERESTS

Following a preliminary investigation published in 2019, the EU DisinfoLab uncovered a massive operation targeting international institutions and serving Indian interests. "Indian Chronicles" – the name we gave to this operation – resurrected dead media, dead think-tanks and NGOs.

[Read more](#)

"Today, India is manipulating and misusing the international system for its own nefarious designs," Pakistan's Foreign Minister Shah Mahmood Qureshi said at a press conference, adding that the Indian government was funding the network. He called on the UN and UN Human Rights Council to immediately investigate and de-list "10 fake NGOs created by India to malign Pakistan". He asked the European Union Parliament to begin an investigation into what he termed to be the manipulation of the body and its legislative process by "fake organizations involved in anti-Pakistan propaganda under a fully funded disinformation and influence operation, run by India."

New Delhi rejected the charges, saying it was Pakistan that was spreading disinformation. “As a responsible democracy, India does not practice disinformation,” Anurag Srivastava, India’s foreign ministry spokesman, told a news conference.

The EU DisinfoLab report also said Indian press agency Asian News International was the only press agency to extensively cover material from the disinformation network.

On 9th December, EU Disinfo Labs released 2 reports about the disinformation campaigns done by India. One report is about maligning Pakistan and the other is about their abuse of the UN HR Council.

Fake websites, NGOs, identities of deceased people and every dark element has been used in this process, which has been captured in these reports.

PAKISTAN CHINA DEFENSE ACCORD

On 30th November, Pakistan and China signed an MoU regarding Defense Cooperation. It is meant to for enhancement of defense cooperation between the armies of Pakistan and China.

Pakistan’s Chief of Army Staff General Qamar Bajwa held a meeting with General Wei Fenghe, China’s Minister of National Defense at the GHQ. He said Pakistan and China were on a road to enhance cooperative relations among the two brotherly countries.

WTO ON WORLD ECONOMIC REBOUND

On 6th October, the World Trade Organization (“WTO”) upgraded its forecast for trade in goods this year due to improvements from June, but saw a more muted rebound in 2021 with further lockdowns from a second wave of COVID infections posing clear risks.

The WTO said that global merchandise trade would fall by 9.2% in 2020 and then increase by 7.2% in 2021. Europe and the Americas would be heaviest hit this year. WTO had an earlier forecast in April of an “ugly” 13-32% decline this year before a rebound of 21-24% in 2021. The forecast suggested the drop would not be as steep as the 12.8% decline in goods trade during the global financial crisis in 2009, although the recovery would fall short of the 13.8% surge of 2010. The Geneva-based trade body said aggressive fiscal and monetary policies had supported demand. It also noted that consumers had shifted spending from services, notably travel, to goods.

US, CHINA, PAKISTAN, AFGHANISTAN & TALIBAN

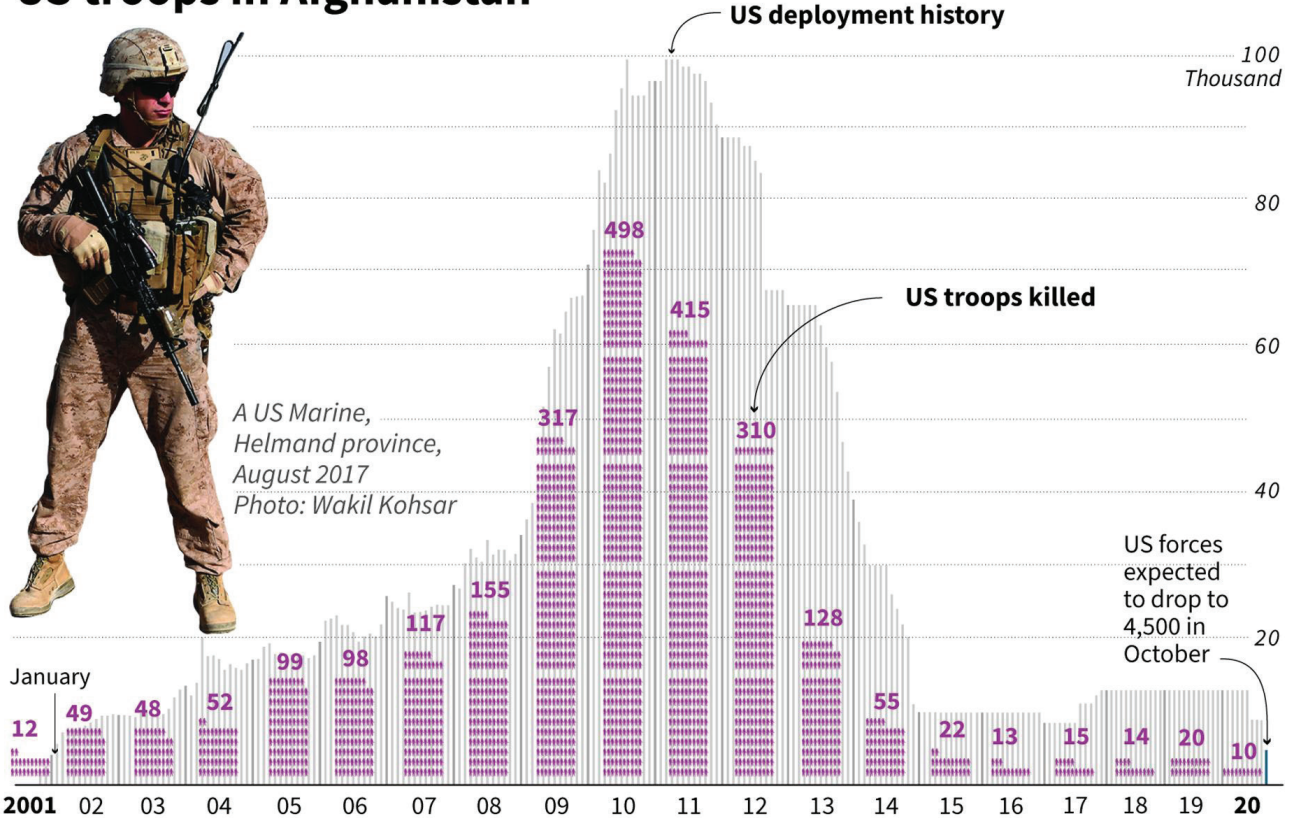
On 19th November, Pakistan’s Prime Minister visited Afghanistan and expressed his hope that trade and connectivity between Pakistan and Afghanistan would increase in the coming days. He termed a visible reduction in level of violence as an imperative for enhanced trade activities between the two countries. Pakistan’s PM stated this during his maiden visit to Kabul in his meeting with Afghan President Ashraf Ghani, who later addressed joint press.

On 8th October, the US President said that US troops in Afghanistan should be “home by Christmas,”. He said this just hours after his national security adviser said Washington would reduce its forces in Afghanistan to 2,500 by early next year.

A landmark deal between the United States and the Taliban in February said foreign forces would leave Afghanistan by May 2021 in exchange for counter terrorism guarantees from the Taliban, who agreed to negotiate a permanent ceasefire and a power-sharing formula with the Afghan government.

The US President and other officials said that the United States will go down to between 4,000 and 5,000 troops in Afghanistan around November.

US troops in Afghanistan



Source: EASO/UNOCHA/iCasualties/BrookingsAfghanistanIndex/Pentagon/icasualties.org



PAKISTAN - IRAN RELATIONS

On 16th December, Pakistan and Iran opened the Rimdan-Gabd border crossing point in a ceremony. Ministers from both countries were there for the ceremony. The inauguration ceremony was attended by Pakistan's Minister for Defense Production Zubaida Jalal and Iran's Roads, Transport and Urban Development Minister Mohammed Eslami.

PAKISTAN - SAUDIA ARABIA RELATIONS

On 15th December, Pakistan returned \$1 billion to Saudia Arabia, which had been lent out earlier.

Pakistan's Foreign Minister Shah Mahmood Qureshi confirmed that Pakistan returned \$1 billion out of the remaining \$2 billion, attributing it to the "financial constraints" of the kingdom due to the recent decline in oil prices in the international market. He dispelled the impression that there is any rift in Pakistan-Saudi relations due to which Pakistan was asked to repay the loan extended in 2018 to help Pakistan stabilize its balance of payments.

WORLD BANK, IMF

On 29th October, the World Bank projected that the amount of money migrant workers send home (at an international level) is expected to fall 14% by 2021 compared with levels before the COVID pandemic in 2019.

Flows of remittances to low and middle-income countries are set to fall by 7% to \$508 billion in 2020, before a further decline of 7.5% to \$470 billion in 2021. This was stated in the World Bank's Migration and Development Brief. Tepid economic growth and employment levels in countries hosting migrants, weak oil prices and depreciation of the currencies of remittance-source countries against the U.S. dollar are and will be factors behind the decline. Europe and East Asia will suffer the steepest drop in remittances in 2020 and 2021, of 16% and 11%, respectively, with central Asia also suffering an 8% drop.

“The impact of COVID is pervasive when viewed through a migration lens as it affects migrants and their families who rely on remittances,” said Mamta Murthi, vice president for human development at the World Bank, adding that the World Bank will continue working with partners and countries to keep the remittances flowing.

12th October, The World Bank said that the debt of the world's poorest countries touched a record of \$744 billion in 2019, before the COVID pandemic, however debt relief is lagging, with China at the forefront. Debt for the 73 poorest nations grew 9.5% per year. The World Bank said that this shows “an urgent need for creditors and borrowers alike to collaborate to stave off the growing risk of sovereign-debt crises triggered by the COVID pandemic.”

On 13th October, the IMF said, “The global economic crisis will not be quite as grim as feared this year, but GDP will still contract 4.4% and the ongoing pandemic means the outlook remains uncertain. The recession was less severe but still deep and “the ascent out of this calamity is likely to be long, uneven, and highly uncertain,” IMF chief economist Gita Gopinath said.

Expected economic growth of countries were presented, showing different kinds of V's. The IMF said in its latest World Economic Outlook that the heavy injections of government aid kept economies from plunging further, but growth in 2021 is expected to be slightly slower than forecast in June and even weaker in the next few years due to the lasting damage inflicted by COVID.

WORLD DEBT

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INDIA FARMER DEMONSTRATION

On 8st December, Indian farmers threatened to shut the whole of India if their demands are not met. Indian farmers are protesting against new laws liberalizing and deregulating agricultural markets spread across India. Farm organizations called for a nationwide strike after inconclusive talks with the government. Railway tracks and highways were blocked across India, after 10 days blockading the

capital. These protests started off on 26th November when thousands of farmers marched towards New Delhi.

JAPAN STIMULUS PACKAGE & RECESSION EXIT

On 8th December, Japan's government approved a \$700+ billion in fresh stimulus package. It included funding of projects related to anti-coronavirus measures to green tech. This is Japan's third such package in this financial year. Japan's latest package, worth 73.6 trillion yen (\$708 billion), includes loan schemes and actual government spending of around 40 trillion yen. It is the first stimulus spending Prime Minister Yoshihide Suga has announced since taking office in September.

On 16th November, Japan's economy exited the long recession, in the third quarter. The economy grew at 5% which was above market expectations. This comes after three quarters of contraction in the world's third-largest economy – the economy shrank 8.2% in Q2 against an estimate of 7.9%. A rise in domestic demand as well as exports helped drive this growth. Earlier COVID and a consumption tax hike slammed the economy into recession.

US ELECTIONS

On 8th November, US President-elect Joe Biden took the first steps towards taking over the White House in 73 days. At the same time, Donald Trump showed no signs of admitting defeat and continued to sow doubt about the election results.

On 7th November, Democrat Joe Biden crossed the 270 electoral vote limit and won the US presidency. The vote was almost even with voters marginally tilting towards the Democrat. Biden promised to fight the COVID pandemic, fix the economy and heal a divided nation.

MID EAST - ISRAEL RELATIONS

On 18th October, Bahrain and Israel signed a joint communique to formalize their ties. This was disclosed during a visit by an Israeli and US delegation to Manama to broaden cooperation that Washington promoted as an anti-Iran bulwark and potential economic bonanza.

Bahrain has followed the United Arab Emirates in agreeing last month to normalize ties with Israel, stunning Palestinians who had demanded statehood before any such regional rapprochement.

GOLDMAN SACHS FINED IN HONG KONG

On 22nd October, Hong Kong's markets watchdog fined Goldman Sachs's Asian business \$350 million for its role in Malaysia's multi-billion dollar 1MDB scandal, the largest single fine ever levied by the regulator in the Asian financial hub. The Securities and Futures Commission said serious lapses and deficiencies in management controls at Goldman Sachs (Asia) L.L.C. had contributed to the misappropriation of \$2.6 billion raised by the Malaysian sovereign wealth fund.

■ ACTIVITY BY OTHER ORGANIZATIONS

Activities by other organizations that TANGENT® has been invited to, are discussed below.

■ *SUSTAINABLE DEVELOPMENT POLICY INSTITUTE*

The Sustainable Development Policy Institute (“SDPI”) held various events some of the most important of which were:

- Sustainable Development Conference 14th – 17th December 2020
- Food Security Dashboard
-
- Social Enterprise Development in Pakistan: Way Forward



Details at www.sdpi.org

■ *CENTER FOR RESEARCH & SECURITY STUDIES*

The Center for Research and Security Studies held events and discussion, some of which were:

- Annual Security Report 2020
- Gender Focused Economic Reforms
- Policy Dialogue

Details at www.crss.org

BOOKS



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